

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



QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Three months ended November 30, 2023

(Unaudited)

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

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

As at November 30, 2023 and August 31, 2023
(Unaudited)

	Note	November 30, 2023	August 31, 2023
Assets			
Current assets:			
Cash and cash equivalents		\$ 8,494,729	\$ 14,745,031
Prepays and deposits		108,738	115,585
Receivables	3	2,323,676	1,485,470
		10,927,143	16,346,086
Non-current assets:			
Investments	4	253,859,642	220,599,252
Right-of-use assets		248,856	295,517
		254,108,498	220,894,769
		\$ 265,035,641	\$ 237,240,855

Liabilities and Shareholders' Equity

Current liabilities:			
Accounts payable and accrued liabilities	5	\$ 1,021,041	\$ 976,655
Lease liabilities		193,176	190,095
		1,214,217	1,166,750
Non-current liabilities:			
Long-term lease liabilities		72,718	125,996
		1,286,935	1,292,746
Shareholders' equity:			
Share capital		177,761,894	174,778,615
Reserve		19,651,119	19,651,119
Retained earnings		66,335,693	41,518,375
		263,748,706	235,948,109
		\$ 265,035,641	\$ 237,240,855

Subsequent events 13

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 Income and Comprehensive Income
(Expressed in United States dollars, except share numbers)

For the three months ended November 30, 2023 and 2022

	Note	Three months ended November 30, 2023	Three months ended November 30, 2022
Income from investments:			
Interest and other income	4	\$ 3,165,238	\$ 1,909,654
Establishment fee income	4	2,100,000	600,000
Realized gain from investments	4	8,767,636	41,991
Unrealized gain from investments	4	17,589,363	41,528
Total income from investments		31,622,237	2,593,173
Operating expenses:			
Business development and marketing		49,442	123,904
Depreciation		46,661	46,661
Foreign exchange loss		40,390	190,735
Interest expense on lease liabilities		3,437	5,661
Management and director fees	6	241,500	241,500
Office and administration		61,749	60,200
Professional and regulatory fees		100,119	165,339
Share-based compensation	7	-	1,296,198
Total operating expenses		543,298	2,130,198
Net income before taxes		31,078,939	462,975
Income taxes		-	3,958
Net income and comprehensive income		\$ 31,078,939	\$ 459,017
Net income per common share:			
Basic	8	\$ 0.07	\$ 0.00
Diluted	8	0.06	0.00
Weighted average number of common shares - basic			
	8	451,265,524	444,352,975
Weighted average number of common shares - diluted			
	8	489,915,524	483,002,975

See accompanying notes to these 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 three months ended November 30, 2023 and 2022
(Unaudited)

	Note	Issued number of Shares	Share capital	Treasury shares	Reserves	Retained earnings	Shareholders' equity
Balance, August 31, 2023		450,356,514	\$ 174,778,615	\$ -	\$ 19,651,119	\$ 41,518,375	\$ 235,948,109
Shares issued - dividend reinvestment plan	7	6,652,960	3,143,856	-	-	(3,143,856)	-
Shares purchased	7	-	-	(203,889)	-	-	(203,889)
Shares canceled	7	(412,313)	(160,577)	203,889	-	(43,312)	-
Dividend - paid in cash	7	-	-	-	-	(3,074,453)	(3,074,453)
Net income for the period		-	-	-	-	31,078,939	31,078,939
Balance, November 30, 2023		456,597,161	\$ 177,761,894	\$ -	\$ 19,651,119	\$ 66,335,693	\$ 263,748,706
Balance, August 31, 2022		445,895,954	\$ 171,700,469	\$ (1,316,378)	\$ 17,072,967	\$ 43,620,310	\$ 231,077,368
Shares issued - dividend reinvestment plan	7	9,631,732	5,078,194	-	-	(5,078,194)	-
Shares purchased and held in Treasury	7	-	-	(726,461)	-	-	(726,461)
Shares canceled	7	(3,260,695)	(1,257,809)	1,792,803	-	(534,994)	-
Share-based compensation	7	-	-	-	1,296,198	-	1,296,198
Dividend - paid in cash	7	-	-	-	-	(569,373)	(569,373)
Net income for the period		-	-	-	-	459,017	459,017
Balance, November 30, 2022		452,266,991	\$ 175,520,854	\$ (250,036)	\$ 18,369,165	\$ 37,896,766	\$ 231,536,749

See accompanying notes to these condensed interim consolidated financial statements.

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

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

For the three months ended November 30, 2023 and 2022
(Unaudited)

	Note	Three months ended November 30, 2023	Three months ended November 30, 2022
Cash flows provided by (used in):			
Operating activities:			
Net income		\$ 31,078,939	\$ 459,017
Items not affecting cash:			
Interest income on convertible debentures	4	(3,061,875)	(1,808,889)
Establishment fee income	4	(2,100,000)	(450,000)
Realized gain on investments	4	(8,767,636)	(41,991)
Unrealized gain on investments	4	(17,589,363)	(41,528)
Depreciation		46,661	46,661
Interest expense on lease liabilities		3,437	5,661
Share-based compensation	7	-	1,296,198
Income tax expense		-	3,958
Unrealized foreign exchange (gain) loss		15,178	215,785
Interest received on convertible debentures	4	1,487,542	970,588
Interest paid on lease liabilities		(3,437)	(5,661)
Withholding taxes paid		(116,854)	(3,958)
		992,592	645,841
Changes in working capital items:			
Other receivables		460,523	32,541
Prepaid expenses and advances		6,847	23,801
Accounts payable and accrued liabilities		44,386	115,542
Cash flows provided by operating activities		1,504,348	817,725
Financing activities:			
Common shares purchased	7	(203,889)	(726,461)
Dividends paid	7	(3,074,453)	(569,373)
Payment of lease liabilities		(51,288)	(48,955)
Cash flows used in financing activities		(3,329,630)	(1,344,789)
Investing activities:			
Acquisition of investments	4	(70,000,000)	(20,000,000)
Proceeds from sale of equity and other investments	4	65,589,064	1,376,434
Cash flows used in investing activities		(4,410,936)	(18,623,566)
Decrease in cash during the period		(6,236,218)	(19,150,630)
Cash and cash equivalents, beginning of the period		14,745,031	34,508,795
Effect of currency translation on cash		(14,084)	(213,685)
Cash and cash equivalents, end of the period		\$ 8,494,729	\$ 15,144,480

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 Consolidated Financial Statements

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

Three months ended November 30, 2023

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".

2. Basis of presentation:

(a) Statement of compliance:

The Consolidated Interim 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 2023 Consolidated Financial Statements, except for new standards adopted during the three months ended November 30, 2023 as described below or as otherwise addressed within Note 2.

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors of the Company on January 10, 2024.

(b) Accounting Standards Adopted During the Period:

Beginning on September 1, 2023, the Company adopted certain IFRS Accounting Standards and amendments. As required by IAS 34 and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, the nature and the effect of these changes are disclosed below:

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

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

Three months ended November 30, 2023

2. Basis of presentation (continued):

(b) Accounting Standards Adopted During the Period (continued):

Disclosure Initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

Beginning on September 1, 2023, the Company adopted the amendments to IAS 1 *Presentation of financial statements* and IFRS Practice Statement 2 *Making Materiality Judgements*. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information which are going to be disclosed in the Consolidated Financial Statements for the year ending August 31, 2024 and the comparative period in certain instances. The adoption of the amendments did not have a material impact on the Consolidated Interim Financial Statements.

Definition of Accounting Estimates (Amendments to IAS 8)

Beginning on September 1, 2023, the Company adopted the amendments to IAS 8 *Accounting policies, changes in accounting estimates and errors*. The amendments require the disclosure of material accounting policy information rather than disclosing significant accounting policies and clarifies how to distinguish changes in accounting policies from changes in accounting estimates. The adoption of the amendments did not have a material impact on the Consolidated Interim Financial Statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

Beginning on September 1, 2023, the Company adopted the amendments to IAS 12 *Income taxes*. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The adoption of the amendments did not have a material impact on the Consolidated Interim Financial Statements.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

Beginning on September 1, 2023, the Company adopted the amendments to IAS 1 *Presentation of financial statements*. The amendments address inconsistencies with how entities classify current and non-current liabilities. It serves to address whether debt and other liabilities with an uncertain settlement date should be classified as current or non-current in the Consolidated Balance Sheets. The adoption of the amendments did not have a material impact on the Consolidated Interim Financial Statements.

Non-current Liabilities with Covenants (Amendments to IAS 1)

Beginning on September 1, 2023, the Company adopted the amendments to IAS 1 *Presentation of financial statements*. The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The adoption of the amendments did not have a material impact on the Consolidated Interim 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 months ended November 30, 2023

2. Basis of presentation (continued):

(b) Accounting Standards Adopted During the Period (continued):

All other IFRSs and amendments issued but not yet effective have been assessed by the Company and are not expected to have a material impact on the Consolidated Interim Financial Statements.

(c) 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.

The condensed interim consolidated financial statements have been prepared using the same accounting policies and methods as those used in the audited financial statements for the year ended August 31, 2023. 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, 2023.

3. Receivables:

Receivables consist of the following:

	November 30, 2023	August 31, 2023
Interest receivable on convertible debentures	\$ 2,278,333	\$ 1,096,459
Other receivables	45,343	389,011
	<u>\$ 2,323,676</u>	<u>\$ 1,485,470</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 months ended November 30, 2023

4. Investments:

The Company had the following investments in public entities stated at estimated fair value:

		November 30, 2023	August 31, 2023
Equity and other investments:			
NexGen Energy Ltd. ⁽¹⁾	(a)	\$ 69,665,779	\$ 60,565,655
Osisko Green Acquisition Ltd.	(b)	-	14,806,000
Other investments	(c)	8,767,595	5,395,980
		78,433,374	80,767,635
Convertible debentures:			
Adriatic Metals PLC	(d)	23,887,442	27,670,407
Challenger Gold Ltd.		9,617,397	9,463,894
Contango ORE, Inc.		17,516,389	15,096,025
IsoEnergy Ltd.		30,912,286	28,855,869
Los Andes Copper Ltd.		11,606,240	13,168,499
NexGen Energy Ltd. (May 2020) ⁽¹⁾		-	45,576,923
NexGen Energy Ltd. (Sep 2023) ⁽¹⁾		81,886,514	-
		175,426,268	139,831,617
		\$ 253,859,642	\$ 220,599,252

(1) On September 28, 2023, the Company converted the NexGen 2020 debentures into 8,663,461 common shares of NexGen at a conversion price of C\$2.34 per share. The equity shares received on conversion are disclosed under "Equity and other investments". On September 22, 2023 the Company purchased a new \$70 million debenture issued by NexGen.

The continuity of the Company's investments during the period ended November 30, 2023 is as follows:

	August 31, 2023	Additions	Net proceeds from disposition	Realized gain	Unrealized gain	November 30, 2023
Equity and other investments	\$ 80,767,635	\$56,426,765	\$ (65,589,064)	\$ 410,249	\$ 6,417,789	\$ 78,433,374
Convertible debentures	139,831,617	70,000,000	(53,934,310)	8,357,387	11,171,574	175,426,268
	\$ 220,599,252	\$126,426,765	\$(119,523,374)	\$8,767,636	\$ 17,589,363	\$ 253,859,642

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

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

Three months ended November 30, 2023

4. Investments (continued):

The continuity of the Company's investments during the period ended November 30, 2022 is as follows:

	August 31, 2022	Additions	Net proceeds from disposition	Realized gain	Unrealized gain (loss)	November 30, 2022
Equity and other investments	\$ 78,586,480	\$ 654,551	\$ (1,376,434)	\$ 41,991	\$ 2,558,800	\$ 80,465,388
Convertible debentures	118,164,707	20,000,000	-	-	(2,517,272)	135,647,435
	<u>\$ 196,751,187</u>	<u>\$ 20,654,551</u>	<u>\$ (1,376,434)</u>	<u>\$ 41,991</u>	<u>\$ 41,528</u>	<u>\$ 216,112,823</u>

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. During the three months ended November 30, 2023 some of the remaining 2,911,667 common shares of NexGen were sold.

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 \$53,934,307.

The fair value of the NexGen 10,675,128 common shares held at November 30, 2023 is \$69,665,779 (August 31, 2023 – 11,611,667 common shares \$60,565,655). The fair value of each common share is estimated using the closing market price on the relevant date.

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Notes to Condensed Interim Consolidated Financial Statements

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

Three months ended November 30, 2023

4. Investments (continued):

(b) Investment in Osisko Green Acquisition Ltd. ("Osisko") common shares:

On September 8, 2021, the Company purchased 2,000,000 Class A Restricted Voting Units for C\$10.00 per unit in Osisko for a purchase price of \$15,778,000. Each Class A Restricted Voting Unit comprised of one Class A Restricted Voting Share ("Class A Share") and one-half of one share purchase warrant. The Restricted Voting Units split into shares and warrants on October 18, 2021. The warrants were included under other investments held for investment purposes. On August 31, 2023, Osisko announced that the Class A Shares would be redeemed for par value of C\$10.00 on the winding up of the company.

On September 13, 2023 the Company received the redemption value for the Class A Shares. The estimated fair value of the 2,000,000 Class A Shares at August 31, 2023 was \$14,806,000, representing the redemption value of the shares.

(c) Other investments held for investment purposes:

The Company holds common shares and warrants in listed entities. The shares and warrants are acquired 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; and/or (c) purchases of common shares and warrants for investment purpose.

The estimated fair value of other equity investments at November 30, 2023 is \$8,767,595 (August 31, 2023 - \$5,395,980).

The fair value for shares and warrants traded on a stock market is estimated using the closing market price of the shares or warrants on the relevant date. The fair value for equity and other 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.

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

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

Three months ended November 30, 2023

4. Investments (continued):

(d) Investments in convertible debentures:

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

Issuer	Principal ⁽¹⁾ US\$	Issue date ⁽²⁾	Maturity date	Annual coupon	Annual coupon settled by	Conversion price ⁽⁶⁾	Redemption
Adriatic Metals PLC ("Adriatic")	20,000,000	Dec 1, 2020	Dec 1, 2024	9.5% ⁽³⁾	Cash 9.5%	A\$2.7976	(9)
Challenger Gold Ltd. ("Challenger")	15,000,000	Sep 12, 2022	Sep 12, 2026	9.0%	Cash 7.0% Shares 2.0%	A\$0.25	(9)
Contango ORE, Inc. ("Contango")	20,000,000	Apr 26, 2022	May 26, 2028 ⁽⁴⁾	9.0% ⁽⁴⁾	Cash 7.0% Shares 2.0%	\$30.50	(9)
IsoEnergy Ltd. ("IsoEnergy")	Various 4,000,000 to 6,000,000	Various (2020 to 2022)	Various (2025 to 2027)	8.5% ⁽⁵⁾ to 10%	Cash 6.0% ⁽⁵⁾ to 7.5% Shares 2.5% ⁽⁵⁾	(7)	(9)
Los Andes Copper Ltd. ("Los Andes")	Various 4,000,000 to 5,000,000	Various (2021 to 2022)	Various (2026 to 2027)	8.0%	Cash 5.0% ⁽⁸⁾ Shares 3.0% ⁽⁸⁾	(8)	(9)
NexGen Energy Ltd. ("NexGen") ⁽¹⁰⁾	15,000,000	May 27, 2020	May 27, 2025 ⁽¹⁰⁾	7.5%	Cash 5.0% Shares 2.5%	C\$2.34 ⁽¹⁰⁾	Converted ⁽¹⁰⁾
NexGen Energy Ltd. ("NexGen")	70,000,000	Sep 22, 2023	Sep 22, 2028	9.0%	Cash 6.0% Shares 3.0%	US\$6.76	(9)

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) *Adriatic*: The annual coupon increased from 8.5% to 9.5% on January 10, 2023.
- (4) *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.
- (5) *IsoEnergy*: The annual coupon on the \$6,000,000 debenture 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 November 30, 2023 or August 31, 2023.

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

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

Three months ended November 30, 2023

4. Investments (continued):

(d) Investments in convertible debentures:

- (6) 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.
- (7) *IsoEnergy*: Conversion prices range from C\$0.88 to C\$4.33.
- (8) *Los Andes*: Interest can be settled by between 5% to 8% per annum in cash and between 0% and 3% per annum in shares. Conversion prices range from C\$10.82 to C\$19.67.
- (9) Issuers have certain redemption rights, normally after the second anniversary of the issue date for a convertible debenture issued with a 4-term and after the 3-anniversary of the issue date for a convertible debenture issued with a 5-year term, 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.
- (10) *NexGen*: On September 28, 2023, the Company converted the NexGen 2020 Debentures into 8,663,461 common shares of NexGen at a conversion price of C\$2.34 per share.

During the three months ended November 30, 2023, the Company received establishment fees of \$2,100,000 on a convertible debenture of \$70 million issued by NexGen, settled by 403,846 common shares. During the three months ended November 30, 2022, the Company received establishment fees of \$450,000 on a convertible debenture of \$15 million issued by Challenger, settled by 3,513,457 common shares of Challenger and \$150,000 on a convertible debenture issued of \$5 million by Los Andes settled in cash.

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

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

Three months ended November 30, 2023

4. Investments (continued):

(d) Investments in convertible debentures (continued):

The estimated fair value of convertible debentures at November 30, 2023 is \$175,426,268 (August 31, 2023 - \$139,831,617). 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. The assumptions and inputs below were used in the models for debentures held by the Company:

November 30, 2023	Adriatic	Challenger	Contango	IsoEnergy ⁽²⁾	Los Andes ⁽²⁾	NexGen ⁽³⁾
Expected life (years)	1.0	2.8	4.5	1.7 to 4.0	2.5 to 3.8	4.8
Modelled price volatility ⁽¹⁾	41%	52%	48%	67% to 69%	32% to 48%	34%
Risk free interest rate	4.4%	4.1%	4.3%	3.8% to 4.2%	3.9% to 4.1%	4.3%
Coupon interest rate	9.5%	9.0%	9.0%	8.5% to 10.0%	8.0%	9.0%
Expected dividend yield	-%	-%	-%	-%	-%	-%
Credit spread	27%	30%	31%	19% to 28%	23% to 29%	18%
Underlying share price of the investee	A\$3.25	A\$0.07	\$21.85	C\$3.86	C\$10.0	\$6.54
Conversion price	A\$2.7976	A\$0.25	\$30.50	C\$0.88 to C\$4.33	C\$10.82 to C\$19.67	\$6.76
Exchange rate (C\$ - \$)	-	-	-	0.7374	0.7374	-
Exchange rate (A\$ - \$)	0.6605	0.6605	-	-	-	-

(1) Modelled price volatility is derived based on the volatility of the issuer's shares and incorporates a calibration adjustment used initially to equate the estimated fair value of the debenture to the purchase consideration.

(2) Several convertible debentures issued on various dates.

(3) Convertible debenture \$70 million issued on September 22, 2023.

August 31, 2023	Adriatic	Challenger	Contango	IsoEnergy ⁽²⁾	Los Andes ⁽²⁾	NexGen ⁽³⁾
Expected life (years)	1.3	3.0	4.7	2.0 to 4.3	2.8 to 4.0	1.7
Modelled price volatility ⁽¹⁾	40%	51%	44%	64% to 65%	37% to 52%	60%
Risk free interest rate	3.9%	3.7%	4.3%	4.1% to 4.6%	4.1% to 4.5%	4.7%
Coupon interest rate	9.5%	9.0%	9.0%	8.5% to 10.0%	8.0%	7.5%
Expected dividend yield	-%	-%	-%	-%	-%	-%
Credit spread	27%	30%	31%	19% to 28%	24% to 30%	18%
Underlying share price of the investee	A\$3.77	A\$0.075	\$18.23	C\$3.59	C\$11.49	C\$7.11
Conversion price	A\$2.7976	A\$0.25	\$30.50	C\$0.88 to C\$4.33	C\$10.82 to C\$19.67	C\$2.34
Exchange rate (C\$ - \$)	-	-	-	0.7403	0.7403	0.7403
Exchange rate (A\$ - \$)	0.6484	0.6484	-	-	-	-

(1) Modelled price volatility is derived based on the volatility of the issuer's shares and incorporates a calibration adjustment used initially to equate the estimated fair value of the debenture to the purchase consideration.

(2) Several convertible debentures issued on various dates.

(3) Convertible debenture \$15 million issued on May 27, 2020 converted into common shares on September 28, 2023.

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

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Three months ended November 30, 2023

4. Investments (continued):

(d) Investments in convertible debentures (continued):

For the three months ended November 30, 2023, the Company has recorded interest income on convertible debentures of \$3,061,875 (November 30, 2022 - \$1,808,889). During the three months ended November 30, 2023, the Company received interest payments of \$1,880,000 of which \$1,487,542 was paid in cash and \$392,458 was settled in common shares (November 30, 2022 - received \$1,175,139 of which \$970,588 was in cash and \$204,551 in common shares).

For the three months ended November 30, 2023 the Company has recorded no other income from investments representing dividend income from equity investments and distributions from exchange traded funds (November 30, 2022 - \$13,298).

5. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of the following:

	November 30, 2023	August 31, 2023
Accounts payable	\$ 8,655	\$ 39,136
Accrued liabilities	167,665	116,078
Due to related parties (note 6)	844,721	821,441
	<u>\$ 1,021,041</u>	<u>\$ 976,655</u>

6. Related party transactions:

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

	Three months ended November 30, 2023	Three months ended November 30, 2022
Management fee	\$ 225,000	\$ 225,000
Directors' fees	16,500	16,500
Share-based compensation	-	1,296,198
	<u>\$ 241,500</u>	<u>\$ 1,537,698</u>

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

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Three months ended November 30, 2023

6. Related party transactions (continued):

As at November 30, 2023, accounts payable and accrued liabilities include an amount of \$844,721 (August 31, 2023 - \$821,441) due to officers and directors of the Company and/or companies controlled by officers and directors of the Company, related to directors' fees and reimbursement of expenses. The amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

As at November 30, 2023, the Company holds equity investments and convertible debentures in NexGen, a company related by way of two common directors and IsoEnergy, a company controlled by NexGen; equity investments and convertible debentures in Los Andes, a company related by way of a common director, and equity investments in Gold Royalty Corp., a company related by way of a common director. The estimated fair value of equity investments and convertible debentures of these related companies, at November 30, 2023, is \$200,652,954 (August 31, 2023 - \$150,897,652). Establishment fee income for the three months ended November 30, 2023 is \$2,100,000 (November 30, 2022 - \$150,000) and interest income on convertible debentures is \$1,799,375 (November 30, 2022 - \$687,639) from these related companies.

Two significant shareholders, Wyloo Metals Pty Ltd. (previously known as Squadron Resources Pty Ltd.) ("Wyloo") and Corom Pty Ltd. ("Corom"), a company controlled by a relative of a director of the Company, subscribed for common shares in the Company's private placement on February 25, 2022 (Note 7(a)).

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Three months ended November 30, 2023

7. Share capital:

(a) Common shares:

Authorized:

5,000,000,000 common shares with a par value of C\$0.001 each.

Issued and outstanding:

456,597,161 common shares at November 30, 2023 (August 31, 2023 – 450,356,514).

The continuity of the Company's issued common shares is as follows:

	Three months ended November 30, 2023	Three months ended November 30, 2022
Shares issue and fully paid:		
Balance, beginning of period	450,356,514	445,895,954
Issued in settlement of dividend	6,652,960	9,631,732
Canceled	-	(1)
Purchased through NCIB and canceled	(412,313)	(3,260,694)
Balance, end of period	456,597,161	452,266,991

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

	Three months ended November 30, 2023	Three months ended November 30, 2022
Shares issued, fully paid and outstanding:		
Balance, beginning of period	450,356,514	443,556,376
Issued on settlement of dividends	6,652,960	9,631,732
Canceled	-	(1)
Purchased through NCIB and canceled	(412,313)	(921,116)
Purchased through NCIB and held in treasury	-	(179,500)
Balance, end of period	456,597,161	452,087,491

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Three months ended November 30, 2023

7. Share capital (continued):

(a) Common shares (continued):

Share transactions during the three months ended November 30, 2023 were as follows:

- 6,652,960 shares of the Company were issued on November 16, 2023, as fully paid shares for the settlement of dividends of C\$0.019 per share, based on a share price of C\$0.65. \$3,143,856 was transferred from retained earnings to share capital.
- 412,313 shares of the Company, purchased through the Normal Course Issuer Bid ("NCIB"), were canceled, 178,500 shares on November 6, 2023 and 233,813 shares, on November 20, 2023.

The total cost of the shares canceled, including commission was \$203,889, an average cost of C\$0.68 per share. \$160,577 representing the average issue price of the canceled shares, was transferred from the treasury share reserve to share capital. The remaining \$43,312 was transferred from the treasury share reserve to retained earnings.

- All shares purchased under the NCIB were cancelled and no shares were held in treasury.

Share transactions during the three months ended November 30, 2022 were as follows:

- 9,631,732 shares of the Company were issued on November 17, 2022, as fully paid shares for the settlement of dividends of C\$0.017 per share, based on a share price of C\$0.70. \$5,078,194 was transferred from retained earnings to share capital.
- 1 share of the Company was canceled on October 17, 2022.
- A total of 3,260,694 shares of the Company, purchased through the Normal Course Issuer Bid ("NCIB"), were canceled on November 6, 2022.

The cost of the shares canceled, including commission was \$1,792,803, an average cost of C\$0.71 per share. \$1,257,809 representing the average issue price of the canceled shares, was transferred from the treasury share reserve to share capital. The remaining \$534,994 was transferred from the treasury share reserve to retained earnings.

- 1,100,616 common shares of the Company were purchased for an average cost of CA\$0.72 per share, including commissions, by the Company during the three months ended November 30, 2022 under the NCIB. 921,116 common shares were canceled (included in the 3,260,694 common shares canceled above). 179,500 common share are held in treasury as at November 30, 2022.

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

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Three months ended November 30, 2023

7. Share capital (continued):

(b) Warrants:

There were no warrants outstanding at November 30, 2023 and August 31, 2023.

(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.

No stock options were issued or exercised during the three months ended November 30, 2023 nor during the three months ended November 30, 2022.

A summary of the Company's outstanding options at November 30, 2023 and August 31, 2023 is as follows:

Exercise price C\$	Number of options outstanding	Number of options exercisable	Expiry date
0.30	3,000,000	3,000,000	February 3, 2025
0.55	150,000	150,000	February 18, 2025
0.64	35,500,000	35,500,000	February 28, 2027
	38,650,000	38,650,000	

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Three months ended November 30, 2023

7. Share capital (continued):

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

The Company's NCIB was renewed for 12-months from November 22, 2023. Purchases are conducted by a third-party broker. The current NCIB allows for the repurchase of up to 17,600,000 shares.

During the three ended November 30, 2023, there were purchases of 412,313 shares for cash of \$203,889 (August 31, 2022 - purchases of 2,339,578 shares for cash of \$1,316,378).

(e) Dividend:

On October 18, 2022, the Company declared a dividend on C\$0.017 per share to all shareholders of record on November 7, 2022. The dividend of \$5,647,567 was paid on November 17, 2022, with \$569,373 paid in cash and \$5,078,194 settled by the issue of 9,631,732 shares under the Company's DRIP.

On October 11, 2023, the Company declared a dividend on C\$0.019 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 6,652,960 shares under the Company's DRIP.

8. Basic and diluted net income per share:

The calculation of basic net income per share for the three months ended November, 2023 is calculated using the weighted average number of common issued shares of 451,317,840 less the weighted average number of shares purchased and held in treasury of 52,316, respectively to derive the weighted average number of issued and outstanding shares 451,265,524 (November 30, 2022 - weighted average common issued shares of 446,417,686 less the weighted average number of shares purchased and held in treasury of 2,064,711 to derive 444,352,975 shares).

Diluted net income per share, for the three months ended November 30, 2023 and November 30, 2022, is calculated using the weighted average number of common shares issued and outstanding adjusted for the dilutive effect of 38,650,000 stock options.

9. 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 period and at the date of the statement of financial position, and how the entity manages these risks.

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Notes to Condensed Interim Consolidated Financial Statements
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Three months ended November 30, 2023

9. Financial instruments and risk management (continued):

The following table summarizes the carrying value of financial assets and liabilities of the Company as at November 30, 2023 and August 31, 2023:

	November 30, 2023	August 31, 2023
Estimated fair value through profit and loss:		
Investments	\$ 253,859,642	\$ 220,599,252
Amortized cost:		
Cash and cash equivalents	8,494,729	14,745,031
Receivables	2,323,676	1,485,470
Accounts payable and accrued liabilities	1,021,041	976,655
Lease liabilities	265,894	316,091

As at November 30, 2023 and August 31, 2023, financial instruments that are not measured at estimated fair value on the balance sheet are represented by cash, prepaid and deposits, receivables, accounts payable and accrued liabilities 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).

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

November 30, 2023	Level 1	Level 2	Level 3
Investments at estimated fair value	\$ 78,433,374	\$ 175,426,268	\$ -

August 31, 2023	Level 1	Level 2	Level 3
Investments at estimated fair value	\$ 80,767,635	\$ 139,831,617	\$ -

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

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9. Financial instruments and risk management (continued):

There were no asset transfers between levels for the three months ended November 30, 2023 or the year ended August 31, 2023.

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.

(a) Credit risk:

Credit risk is the risk of potential loss to the Company 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 related to cash, as it only deposits its cash with high credit quality financial institutions, which are available on demand. 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 6-companies at November 30, 2023, that were made up of 46% NexGen; 18% IsoEnergy; 14% Adriatic; 10% Contango; 7% Los Andes; and 5% Challenger (August 31, 2023 - 33% NexGen; 20% IsoEnergy; 20% Adriatic; 11% Contango; 9% Los Andes and 7% Challenger).

(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 loans.

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

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Three months ended November 30, 2023

9. Financial instruments and risk management (continued):

(b) Liquidity risk (continued):

On February 25, 2022, the Company raised funds through a private placement. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity or bank financing. As of November 30, 2023, the Company had no significant contractual obligations other than those included in accounts payable, accrued liabilities and lease liabilities.

(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 in order to minimize exposure to these risks, it has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure.

At November 30, 2023, 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 and Canadian dollars ("C\$").

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

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

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

November 30, 2023	C\$	GBP	HK\$	A\$	Total
Cash	\$ 1,335,812	\$ -	\$ 23,196	\$ -	\$ 1,359,008
Prepayments and deposits	2,648	-	61,466	-	64,114
Receivables	-	-	-	-	-
Investments	75,253,773	-	-	342,569	75,596,342
Accounts payable and accrued liabilities	(168,556)	-	(5,370)	-	(173,926)
Lease liabilities	-	-	(265,895)	-	(265,895)
Net assets (liabilities)	\$ 76,423,677	\$ -	\$ (186,603)	\$ 342,569	\$ 76,579,643

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Three months ended November 30, 2023

9. Financial instruments and risk management (continued):

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

August 31, 2023	C\$	GBP	HK\$	A\$	Total
Cash	\$ 1,084,575	\$ -	\$ 30,645	\$ -	\$ 1,115,220
Prepayments and deposits	-	-	61,147	-	61,147
Receivables	-	-	-	-	-
Investments	78,102,351	-	-	287,369	78,389,720
Accounts payable and accrued liabilities	(116,212)	(31,143)	(1,580)	-	(148,935)
Lease liabilities	-	-	(316,091)	-	(316,091)
Net assets (liabilities)	\$ 79,070,714	\$ (31,143)	\$ (225,879)	\$ 287,369	\$ 79,101,061

Based on the above net exposure as at November 30, 2023 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 \$1.5 million (August 31, 2023 - \$1.6 million) in the Company's net income and comprehensive 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 public entities which are used as equivalent equity instruments for the valuation of non-traded investments, would result in an increase of approximately \$10.9 million and a decrease of approximately \$9.8 million, respectively, in the value of investments and unrealized gain for the three months ended November 30, 2023 (August 31, 2023 - increase of approximately \$4.5 million and a decrease of approximately \$4.8 million).

10. 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.

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10. Capital management (continued):

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.

11. Supplemental disclosure with respect to cash flows:

Significant non-cash transactions in the three months ended November 30, 2023 and November 30, 2022 were:

	Three months ended November 30, 2023	Three months ended November 30 2022
Investments received for settlement of establishment fees (note 4)	\$ 2,100,000	\$ 450,000
Investments received for settlement of interest receivable (note 4)	392,458	204,551
Investments received for conversion of debenture (note 4)	53,934,310	-
Transfer from retained earnings to share capital for shares issued under the DRIP (note 7)	3,143,856	2,502,707
Transfer from retained earnings to share-based reserves for share-based compensation costs (note 7)	-	7,532,046

12. 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.

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13. Subsequent events:

On December 15, 2023, the Company completed the purchase of a \$30 million convertible debenture issued by Gold Royalty Corp. The convertible debenture has a five-year term, carries a 10% coupon with a 3% establishment fee of \$900,000, settled in cash, and a conversion price of \$1.90. The investment was financed by one-year bank loan of \$22.5 million and cash on hand.

The loan agreement was entered into on December 11, 2023, has a maximum drawdown amount of \$22.5 million, an annual interest rate of the Term Secured Overnight Financing Rate ("Term SOFR") plus 4.25%, payable in cash quarterly in arrears, other than for the initial and final interest period, and is repayable on December 11, 2024. The loan is secured over certain long-term investments. No repayments of principal are required until maturity, unless the value of the loan is 52.5% or higher than the value of the pledged securities, in which case a portion of the outstanding loan must be repaid, or sufficient additional collateral provided to cause the loan to value percentage to be equal to or reduce to 40%. The maximum loan amount was drawn down on December 13, 2023. Transaction costs of \$325,164 will be expensed over the term on the loan under the effective interest rate method.