



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

**ANNUAL INFORMATION FORM  
For the year ended August 31, 2021**

**Cheung Kong Centre  
Suite 2006, 2 Queen's Road Central  
Hong Kong**

**November 22, 2021**

**QUEEN'S ROAD CAPITAL INVESTMENT LTD.  
ANNUAL INFORMATION FORM  
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**ANNUAL INFORMATION FORM  
QUEEN'S ROAD CAPITAL INVESTMENT LTD.**

**PRELIMINARY NOTES**

**Effective Date of Information**

The information contained in Queen's Road Capital Investment Ltd.'s annual information form ("AIF" or "**Annual Information Form**") is presented as of August 31, 2021 unless otherwise stated herein. Unless the context otherwise requires, all references to the "**Company**", "**QRC**", "**we**" or "**us**" shall mean Queen's Road Capital Investment Ltd.

**Currency**

Unless specified otherwise, all references in the AIF to "C\$" are to Canadian dollars, all references to "\$" are to United States of America dollars, all references to "A\$" are to Australian dollars, and all references to "£" are to British pounds.

**Special Note Regarding Forward-Looking Information**

Certain statements in this AIF which are not historical in nature constitute "forward looking statements" within the meaning of that phrase under applicable Canadian securities law. These statements include, but are not limited to, statements or information concerning the Company's investments, statements or information concerning the Company's growth strategy and the Company's future performance and business prospects and opportunities. These statements reflect management's current assumptions and expectations and by their nature are subject to certain underlying assumptions, known and unknown risks and uncertainties and other factors which may cause actual results, performance or events to be materially different from those expressed or implied by such forward looking statements.

Forward-looking information can often be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Forward-looking information is necessarily based on the Company's assumptions as to certain factors such as future currency exchange rates, future interest rates, and while the Company's believes that its assumptions regarding these factors are reasonable, the assumptions may nonetheless prove to be incorrect. Forward looking information also involves known and unknown risks and uncertainties which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. There can be no assurance that such risk factors will not cause actual results to differ materially from those anticipated.

Important assumptions and risks that could cause actual results to differ materially from the Company's expectations are described in the Company's documents filed from time to time with the applicable regulatory authorities and such factors include, but are not limited to:

- the following assumptions:
  - **Share prices:** changes in the share price of an investee company may impact the value of the Company's investments which are generally linked to a positive share price performance during the term of the investment;
  - **Commodity prices:** changes in the relevant commodity prices to an investee company's material assets may impact the value of the Company's investments as it may impact the value of an investee company's assets;
  - **Exchange rates:** changes in the exchange rates of the functional currencies of investee companies may impact the value of the Company's investments;
  - **Interest rates:** changes in underlying risk-free interest rates may impact the value of the Company's investments as the underlying discount rate is linked to the investee companies' country's interest rate;
  - **Balance sheet strength:** changes in an investee company's financial strength may impact the value of the Company's investments as it is important to ensure that an investee company can meet its obligations under the terms of the Company's investments; and
  - **Operating assets:** material changes at the asset level (operating, permitting or other) of an investee company's may impact the value of the Company's investments if it changes the investee company's ability to meet its obligations under the terms of the Company's investments.
  
- the following risks:
  - **Portfolio exposure and sensitivity to macro-economic conditions:** given the nature of the Company's proposed investment activities, the results of operations and financial condition of the Company will be dependent upon the market value of the securities that will comprise the Company's investment portfolio, macro factors such as fluctuations in global political and economic conditions could negatively affect the Company's portfolio of investments;
  - **Changes in commodity prices:** as an investor in companies in the resource sector, the price of QRC's Common Shares may be indirectly but significantly affected by declines in commodity prices;
  - **Natural resource sector risks:** investing in natural resource corporations can be speculative in nature and the value of the Company's investments may be subject to significant fluctuations;
  - **The Company has no control over exploration, development or mining operations:** The inability of the Company to control the activities of the resource issuers in which it has invested may result in a material adverse effect on the results of operations of the Company and its financial condition;
  - **Dependence on key personnel:** the Company is dependent on the services of a small number of key management personnel. The ability of the Company to manage its activities and its business will depend in large part on the efforts of these individuals, in particular, Warren Gilman, the Company's Chief Executive Officer and a director, whose industry relationships and experience are critical to the Company's success;
  - **Cash flow and revenue:** the Company's revenue and cash flow will be generated primarily from financing activities, interest payments, dividends, royalty payments on investment and proceeds from the disposition of investments. The availability of these sources of income and the amounts generated from these sources are dependent upon various factors, many of which are outside of the Company's direct control;
  - **Private issuers and illiquid securities:** the Company may invest in securities of private issuers, illiquid securities of public issuers and publicly-traded securities that have low trading volumes. This may impair the Company's ability to react quickly to market conditions or negotiate the most favourable terms for exiting such investments; and

- **Available opportunities and competition for investments:** the Company competes with other companies for investments. Other companies may have greater resources than the Company. Any such competition may prevent the Company from being able to secure new investments;

and other risks and uncertainties referred to under the heading “Risk Factors” in this AIF.

Although the Company has attempted to identify important risk factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking information is made as of the date of this AIF.

With regard to all information included herein relating to companies in the Company’s investment portfolio, the Company has relied on information provided by the investee companies and on publicly available information disclosed by the respective companies.

## GLOSSARY

In this AIF, unless otherwise defined or unless there is something in the subject matter or context inconsistent therewith, the following terms have the meanings set forth herein or therein:

“**AIF**” or “**Annual Information Form**” means this annual information form and any appendices, schedules or attachments hereto;

“**BCBCA**” means the *Business Corporations Act* (British Columbia), C-57, as amended;

“**Common Share**” means a share in the capital of the Company;

“**Companies Law**” means the *Companies Law* of the Cayman Islands;

“**Company**” means Queen’s Road Capital Investment Ltd.;

“**Exchange**” or “**TSXV**” means the TSX Venture Exchange;

“**QRC**” means the Company;

“**TSXV**” or “**Exchange**” means the TSX Venture Exchange

“**U.S.**” or “**United States**” means the United States of America, any state thereof, and the District of Columbia;

Words importing the singular number, where the context requires, include the plural and vice versa and words importing any gender include all genders.

## CORPORATE STRUCTURE

### **Name, Address and Incorporation**

The Company was incorporated under the name “Barisan Gold Corporation” in British Columbia, Canada pursuant to the provisions of the BCBCA on January 25, 2011 with an authorized capital of an unlimited number of Common Shares without par value. On May 1, 2017, the Company changed its name from “Barisan Gold Corporation” to “Lithion Energy Corp.”. On May 2, 2017, the Company effected a consolidation of its Common Shares on the basis of five pre-consolidation Common Shares for one post-consolidation Common Share. On January 28, 2020, the Company changed its name to “Queen’s Road Capital Investment Ltd.”

On January 29, 2020, the Company continued out of British Columbia, Canada and was registered by way of continuation as an exempted company limited by shares in the Cayman Islands pursuant to the Companies Law, having a current authorized share capital of 5,000,000,000 shares of par value of C\$0.001 each (the “Common Shares”).

The Common Shares are listed on the TSXV under the trading symbol “QRC”. The Company’s head office is located at Cheung Kong Centre, Suite 2006, 2 Queen’s Road Central, Hong Kong. The registered office of the Company is located at the offices of Conyers Trust Company (Cayman) Limited, SIX, 2<sup>nd</sup> Floor, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

### **Inter-corporate Relationships**

The Company has a wholly-owned subsidiary, QRC Nexgen Investment Ltd. (“QRC Nexgen”), registered in the Cayman Islands on July 12, 2021.

## DESCRIPTION AND GENERAL DEVELOPMENT OF THE BUSINESS

### **Three Year History**

The Company is a 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.

Under its prior name Lithion Energy Corp. (“**Lithion**”), the Company was formerly a Canadian-based minerals exploration company with lithium exploration properties in Nevada and Arizona. On February 3, 2020, the Company relinquished its ownership in its historical business and properties and completed the process of changing its business to its current business as an investment company.

Significant business, operations and management developments for the Company over the three most recently completed fiscal years are as follows.

### **Year Ended August 31, 2019**

#### *Appointment of Warren Gilman and Alex Granger as Executive Officers and Non-Brokered Private Placement*

On April 16, 2019, Warren Gilman and Alex Granger were appointed as directors and officers of Lithion. Mr. Gilman and Mr. Granger participated in a non-brokered private placement of 7,000,000 Common Shares to at a price of C\$0.05 per share for gross proceeds of C\$350,000. Lithion’s officers resigned their positions, as did as a majority of the directors of Lithion.

On August 6, 2019, John Anderson was appointed as a director of Lithion and the remaining directors of the Company except for Warren Gilman and Alex Granger, resigned.

### Year Ended August 31, 2020

#### *Change of Name, Change of Business & Continuance*

On September 16, 2019, the Company announced a series of transactions whereby it would become Queen’s Road Capital Investment Ltd., a resource-focused investment company:

- Change of name from Lithion Energy Corp. to Queen’s Road Capital Investment Ltd.;
- Change of trading symbol from LNC to QRC;
- Change of business from mining issuer to investment issuer;
- Continuance from British Columbia, Canada to the Cayman Islands; and
- Change of head office from Vancouver, Canada to Hong Kong, China.

At a special meeting of the Company’s shareholders held on October 29, 2019, shareholders passed resolutions approving the above series of transactions.

On February 3, 2020, the Company announced that the change from Lithion Energy Corp. to Queen’s Road Capital Investment Ltd. had been completed. QRC’s Common Shares began trading under its new trading symbol “QRC” on February 5, 2020.

Effective February 3, 2020, the Company was led by Warren Gilman as Chairman & CEO and Alex Granger as President. The Board of Directors of the Company was composed of Mr. Gilman, Mr. Granger, John Anderson, Michael Cowin and Donald Roberts.

#### *C\$84 Million Capital Raising*

In conjunction with the Company’s change of business, the Company completed two non-brokered private placements that raised a total of C\$84,046,031 in February, 2020. The Company issued 103,333,333 Common Shares at a price of C\$0.30 per Share in a non-brokered private placement which closed on February 3, 2020, and a further 132,615,753 Common Shares at a price of C\$0.40 per Share in a private placement which closed on February 18, 2020 (together, the “**Financings**”). The Financings included the following participants:

<b>Investor</b>	<b>Common Shares Acquired</b>	<b>% Ownership Post Capital Raising</b>
Corom Pty Ltd (controlled by Mr. Jack Cowin)	71,263,003	25.70%
Wyloo Metals Pty Ltd <sup>1</sup> (controlled by Mr. Andrew Forrest)	71,263,003	25.70%
BBRC International Pte Ltd (controlled by Mr. Brett Blundy)	37,262,866	13.57%
Directors & Officers	17,103,124	6.17%

<sup>1</sup> At the time of the Financings, Wyloo Metals Pty Ltd was known as Squadron Resources Pty Ltd

Corom Pty Ltd. is an investment vehicle owned and controlled by Mr. Jack Cowin, a Canadian-Australian businessman and philanthropist. Mr. Cowin is one of Australia’s most successful and highly regarded entrepreneurs. Starting with a single KFC franchise in 1969, he built Competitive Foods Australia Pty Ltd. into one of Australia’s largest restaurant franchisors, including the eponymous Hungry Jack’s franchise. Mr. Cowin is Chairman of ASX-listed Domino’s Pizza Enterprises Ltd. which has a market value of A\$12 billion and is 27% owned by the Cowin Family. Mr. Cowin is famous in Australia as a successful investor across a variety of industries including media (Ten Network), cattle ranching (Stanbroke Pastoral), tourism (BridgeClimb Sydney) and wine (Torbreck Vintners). Mr. Cowin recently retired as Chancellor of Western University in London, Ontario, his alma mater.

Wyloo Metals Pty Ltd (Wyloo) is the mining business division of Tattarang Pty Ltd, one of Australia's largest private investment groups established by the Forrest family. Dr Andrew Forrest was the founder and is currently the Non-Executive Chairman of Fortescue Metals Group (FMG), the fourth largest iron ore producer globally and one of the largest companies listed on the Australian Stock Exchange, which has a market value of A\$44 billion. Tattarang owns a 30% interest in FMG as well as operating a number of businesses across the energy, resources, property, agri-food, hospitality, sport and entertainment sectors. Wyloo manages a diverse portfolio of wholly-owned exploration projects and cornerstone investments in both public and private companies. Wyloo are long-term and collaborative investors, working closely with management teams to accelerate projects into commercial production.

The funds raised in the Financings have been used by the Company for investment and general corporate purposes.

Pursuant to the Financings, Corom Pty Ltd. and Wyloo Metals Pty Ltd. were each entitled to nominate one person to the Company's Board of Directors. The Corom Pty Ltd. appointee is Mr. Michael Cowin who became a director of the Company on February 3, 2020 and the Wyloo Metals Pty Ltd appointee was Mr. Chris Hansen, who was elected as a director at the Company's AGM held on November 5, 2010 and subsequently resigned on February 8, 2021. Wyloo Metals Pty Ltd currently has no appointee on the board of the Company but reserves the right to do so.

#### *\$30 Million Investment in NexGen Energy Ltd. (TSX-NXE)*

On May 27, 2020, the Company completed its first investment, a \$30 million investment in NexGen Energy Ltd. ("**NexGen**"). The NexGen investment represented the execution of the Company's investment strategy of investing by way of a combined convertible debenture and equity purchase, involving the following:

- Purchase of 11,611,667 common shares of NexGen at C\$1.80 per share for an aggregate purchase price of \$15 million;
- Purchase of a \$15 million unsecured convertible debenture of NexGen having the following principal terms:
  - 7.5% interest payable semi-annually – 5% in cash and 2.5% in NexGen common shares;
  - 5-year maturity;
  - Debenture are convertible into NexGen common shares at C\$2.34 per share;
  - There are certain change of control and redemption provisions associated with the debenture, including the following:
    - NexGen is entitled, on or after May 27, 2023 and prior to May 27, 2025, at any time the 20-day volume weighted average share price of NexGen common shares exceeds C\$3.04, to provide not less than 30 days notice to QRC to redeem the debenture at par plus accrued interest; during the notice period, QRC may, at its option, convert the debenture proposed to be redeemed; and
    - Should NexGen's board of directors recommend a change of control transaction during the term of the debenture, and QRC does not chose to convert the debentures, NexGen must purchase the debentures for cash at 130% of par (until May 27, 2023) or 115% of par (from May 28, 2023 until May 27, 2025).

QRC also earned a 3% establishment fee on the debenture, paid in NexGen common shares (348,350 shares)

*\$6 Million Investment in IsoEnergy Ltd. (TSXV-ISO)*

On August 19, 2020, the Company completed a \$6 million investment in IsoEnergy Ltd. (“IsoEnergy”). IsoEnergy is 52%-owned by NexGen. Key terms of the IsoEnergy investment include:

- 8.5% interest payable semi-annually – 6% in cash and 2.5% in IsoEnergy common shares;
- Interest rate to decrease to 7.5% - 5% in cash and 2.5% in IsoEnergy common shares - when IsoEnergy releases a positive independent preliminary economic assessment on the Hurricane Zone at its flagship Larocque East property;
- 5-year maturity; and
- Debenture convertible into IsoEnergy common shares at C\$0.88 per share.

QRC earned a 3% establishment fee on the IsoEnergy debenture, paid in IsoEnergy shares (219,689 shares).

*TSXV Listing / Graduation to Tier 1 Investment Issuer*

QRC’s Common Shares began trading under the trading symbol “QRC” on February 5, 2020. On August 27, 2020, QRC graduated from a Tier 2 Investment Issuer to a Tier 1 Investment Issuer.

**Year Ended August 31, 2021**

*\$20 Million Investment in Adriatic Metals Plc (ASX-ADT)*

On December 1, 2020, the Company completed the purchase of a \$20 million convertible debenture issued by Adriatic Metals Plc (“**Adriatic**”) having the following principal terms:

- 8.5% interest payable quarterly in cash;
- 4-year maturity; and
- principal amount of \$20 million convertible into Adriatic common shares at a price of A\$2.7976 per share (using prevailing \$ - A\$ exchange rates at the time of conversion).

QRC earned a 3% establishment fee on the principal amount of the Adriatic debenture, paid in cash.

QRC’s investment in the Adriatic convertible debenture was made concurrently with a £6.2 million equity investment in Adriatic by the European Bank for Reconstruction & Development.

*\$5 Million Investment in Los Andes Copper Ltd. (TSXV-LA)*

On June 2, 2021, the Company completed the purchase of a \$5 million convertible debenture in Los Andes Copper Ltd. (“Los Andes”). Key terms of the Los Andes investment include:

- 8.0% interest payable quarterly – 5% in cash and 3% in Los Andes common shares;
- 5-year maturity; and

- Debenture convertible into Los Andes common shares at C\$10.82 per share.

QRC earned a 3% establishment fee on the Los Andes debenture, which was paid in cash.

### **Developments Subsequent to August 31, 2021**

#### *C\$21 Million Investment in Osisko Green Acquisition Ltd. (TSX-GOGR)*

On September 8, 2021, the Company completed a C\$21 million investment in Osisko Green Acquisition Ltd. (“Osisko Green”). Key terms of the Osisko Green investment include:

- Purchase of 665,000 Class B Shares;
- Purchase of 2,000,000 Class A Restricted Voting Units (each comprising one Class A Restricted Voting Share and one-half of one Warrant); and
- Purchase of 931,988 Funding Warrants.

#### *Declaration & Payment of Maiden Dividend*

On October 18, 2021, the Company announced its maiden dividend of C\$0.015 per share to all shareholders on record as of November 15, 2021. The dividend was paid on November 19, 2021 and 74% of shareholders elected to reinvest their dividend in shares of the Company through the Company’s dividend reinvestment plan (“DRIP”).

### **Significant Acquisitions**

The Company has made no significant acquisitions for which disclosure is required under Part 8 of National Instrument 51-102.

## **DESCRIPTION OF THE BUSINESS**

### **Summary of the Business**

The Company is a 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 and resource projects in advanced development or production located in safe jurisdictions.

#### *Investments*

The Company has adopted an investment policy (the “**Investment Policy**”) to govern the Company’s investment activities which provides, among other things, the investment objectives and strategy based on the fundamental principles set out below. A copy of the Investment Policy is posted on the Company’s website and filed on SEDAR.

#### *Investment Objectives*

The Company invests primarily in public and privately held companies, primarily in the natural resource sector, with the objective of increasing shareholder return while seeking to preserve capital and limit downside risk by focusing on opportunities with attractive risk to reward profiles. The Company seeks to identify investments by utilizing the experience and expertise of its Management and Board. The Company seeks out superior

investments that may include the acquisition of shares, equity, debt, convertible securities, royalty arrangements or streaming arrangements for public or private corporations with a focus on convertible debt securities.

### *Investment Strategy*

In light of the numerous investment opportunities across the entire natural resources sector, the Company aims to adopt a flexible approach to investment targets without placing unnecessary limits on potential returns on its investment. This approach is demonstrated in the Company's proposed investment strategy set out below.

- The Company invests in the securities of both public and private natural resource companies and may take part in private or public offerings for predetermined equity positions, royalties, debt or convertible or preferred securities.
- Initial investments of debt, equity or a combination thereof may be made in public or private companies through a variety of financial instruments including, but not limited to, private placements, participation in initial public offerings, bridge loans, secured loans, unsecured loans, convertible debentures, warrants and options, royalties, net profit interests and other hybrid instruments.
- Investment arrangements may include a combination of securities including, but not limited to equity, debt, convertible debentures, warrants, preferred shares, bridge financing, collateral, royalty arrangements or other securities as deemed appropriate by the Company's Management and in compliance with the Investment Policy. In certain cases, the Company expects to enter into oversight arrangements as a condition of the investment. Oversight may range from Board appointments, advisory positions, or management consulting positions with the target companies.
- The Company may purchase or sell securities on public exchanges.
- The Company reserves the right to acquire all or part of other businesses or assets of a target company that management believes will enhance the value for shareholders. The Company will place no formal limit on the size of potential investments and may require future equity or debt financings to raise money for specific investments.
- The Company may make investments in extra-ordinary activities, or activities not in the normal course of business, which may include but not be limited to mergers, acquisitions, corporate restructurings, spin-offs, take-overs, bankruptcies or liquidations, public listings, leveraged buyouts or start-ups. The Company may elect to invest in such events, provide financing, or purchase securities in exchange for fees, interest or equity positions.
- The majority of investments are expected to have a life of investment of four to five years; however, the Company may also invest in opportunities that could provide longer-term capital appreciation.
- Depending on market conditions, the Company intends to fully invest its available capital, apart from operating expenses.
- The Company will seek to maintain the ability to actively review and revisit all of investments on an ongoing basis.
- The Company will evaluate the liquidity of investments and seek to realize value from same in a prudent and orderly fashion.

- All investments will be made in compliance with applicable laws in relevant jurisdictions, and in compliance with any associated exchange policy.

Management and the Board of the Company may authorize investments outside the guidelines described above if they feel the investment is for the benefit of the Company and its shareholders.

#### *Investment Selection, Evaluation and Decision Making Process*

The Company will pursue opportunities referred through investment banks, venture capital firms, legal and accounting firms and its professional network, and will gather insight into each opportunity, including its business model, financial prospects, management team, and the use of funds.

Management will research each investment target, and will analyze and review opportunities with each target and provide a recommendation to the Board as a whole. Research activities undertaken by management will include gathering complete details about the target company's business strategy, financial history, management team, growth objectives, products, markets, competitive forces, and capital requirements.

Management will oversee the due diligence activities. When deemed necessary, the Company may augment its review activities by outsourcing research requirements on specific investment opportunities to independent firms (accounting/financial, legal or industry analysts) that have professional relationships with the Company. Management will assess the financing needs of the target company in order to determine if the opportunity is compatible with the investment returns specific to the Company's investment criteria. The result of Management's review will conclude with a recommendation to the Board indicating if the Company should consider an investment in the target company. Management recommendations may range from:

- continuing to consider investment,
- recommending not to invest,
- considering investment with certain agreement covenants, and
- working with the target company in an advisory capacity in an effort to ready the target company for an investment at a later date.

The Board will make the final investment decision in respect of any opportunity presented to it by Management.

#### *Composition of Investment Portfolio*

The Company invests the majority of its funds in the securities of resource companies. Investments made by the Company may take different forms, including equity, debt, convertible debentures, royalties and metal streaming, although the Company is primarily focused on convertible debt securities.

As of the date of this report, the Company has invested a total of approximately \$77.5 million in five different resource companies as presented in the table below.

<b>Completion Date</b>	<b>Company</b>	<b>Investment</b>	<b>Investment Type</b>
27/05/2020	NexGen Energy Ltd.	\$15,000,000	Equity
27/05/2020	NexGen Energy Ltd.	\$15,000,000	Convertible Debt
19/08/2020	IsoEnergy Ltd.	\$6,000,000	Convertible Debt
01/12/2020	Adriatic Metals Plc	\$20,000,000	Convertible Debt
02/06/2021	Los Andes Copper Ltd.	\$5,000,000	Convertible Debt
08/09/2021	Osisko Green Acquisition Ltd.	C\$21,000,000	Equity

### *Income Generation*

The Company generates income from its investments in three main forms: (a) interest income from its convertible securities, (b) capital gains/losses from the disposal of its investments and (c) fees earned as part of its investments.

#### a) Interest income

The Company receives interest income from its investments in convertible securities on a quarterly or semi-annual basis, depending on the specific terms of each investment. Some of the Company's investments settle a portion of the interest payment in the form of equity.

The following table presents the annual interest payments the Company expects to receive on an annual basis from its current investments (assuming interest payments are made by the investee issuers on a timely basis).

<b>Convertible Debt Investment</b>	<b>Investment Amount</b>	<b>Annual Coupon</b>	<b>Annual Interest Income</b>
NexGen Energy Ltd	\$15,000,000	7.5%	\$1,125,000
IsoEnergy Ltd.	\$6,000,000	8.5% <sup>(1)</sup>	\$510,000
Adriatic Metals Plc	\$20,000,000	8.5%	\$1,700,000
Los Andes Copper Ltd.	\$5,000,000	8.0%	\$400,000
			<b>\$3,735,000</b>

(1) Annual coupon reduces to 7.5% on filing of an economically positive preliminary economic assessment compliant with the requirements of National Instrument 43-101 of the Canadian Securities Commission.

#### b) Capital gains/losses

The Company may generate income from capital gains/losses through the sale of its investments. Capital gains/losses could come in the form of (a) sale of any equity investments, (b) sale of any convertible security investments or (c) sale of any equity shares received as settlement of interest income. As of the date of this report, the Company has not realized on any material capital gains/(losses) from its investments since it continues to hold all investments made since its inception as an investment company.

#### c) Fees

The Company may generate income from fees earned as part of its investments. The Company has earned establishment fees when it completed the three convertible securities investments made to date. Establishment fees have been paid either in cash or shares.

The following table presents the establishment fees earned by the Company on its investments to-date:

<b>Investment</b>	<b>Establishment Fee</b>	<b>Payment Method</b>	<b>Payment</b>
NexGen Energy Ltd. Convertible Debt Investment	3.0%	Shares	348,350 shares
IsoEnergy Ltd. Convertible Debt Investment	3.0%	Shares	219,689 shares
Adriatic Metals Plc Convertible Debt Investment	3.0%	Cash	\$600,000
Los Andes Copper Ltd. Convertible Debt Investment	3.0%	Cash	\$150,000

### *Market Value of Investments*

The Company has investments in publicly listed issuers and as such the market value of these investments moves with the share prices of the investee issuers. As most of the Company's investments lie in convertible

debt securities, the volatility of the market value of our investments is significantly less than that of any underlying equity securities.

### Assumptions

		As at November 21, 2021
C\$ / \$ Exchange Rate	C\$ / \$	C\$1.26
A\$ / \$ Exchange Rate	A\$ / \$	A\$1.37
NexGen Energy Ltd. (NXE.TO) Share Price	C\$ / share	C\$6.32
IsoEnergy Ltd. (ISO.V) Share Price	C\$ / share	C\$4.95
Adriatic Metals Plc (ADT.AX) Share Price	A\$ / share	A\$2.78
Los Andes Copper Ltd. (LA.V) Share Price	C\$ / share	C\$10.98
Osisko Green Acquisition Ltd. (GOGR.TO) Share Price	C\$ / share	C\$9.50
Osisko Green Acquisition Ltd. (GOGR.W.TO) Warrant Price	C\$ / warrant	C\$0.60

#### a) Market Value of Equity Investments

The calculation of the current market value of the Company's current equity investments is straight forward as all of its current investments are in investee issuers whose equity is listed and trading on stock exchanges (such as the TSX, TSXV, ASX and LSE). Based on the share prices, as of the date of this report, the market value of the Company's equity investments is as follows:

	Securities Owned	Original Investment	Current Value As at November 21, 2021	Value Increase (Decrease) over Original Investment
NexGen Energy Ltd.	11,611,667	\$15,000,000	\$58,062,929	\$43,062,929
Osisko Green Acquisition Ltd. (Class A Units)	2,000,000	\$15,778,800	\$15,507,556	\$(270,444)
Other Shares & Warrants held for investment purposes <sup>1</sup>	Various	\$737,319	\$7,423,052	\$6,685,733

<sup>1</sup> Includes (a) securities purchased for investment purposes and (b) securities received as establishment fees and in settlement of interest receivable, which had no original investment cost to the Company.

#### b) Market Value of Convertible Debt Investments

The market value of convertible debt investments is more complex as it is the sum of a number of parts: (a) the standalone debt portion of the investment, (b) the conversion option of the investment, (c) the market value of any equity issued (and held) either as compensation for an establishment fee and/or as settlement for interest income due and (d) any accrued interest due at the date of the valuation. As of the date of this report, the market value of the Company's convertible debt investments is as follows:

As at November 21, 2021	Principal Amount Outstanding	Accrued Interest	In-the-money Conversion Option	Black Scholes Conversion Option	Current Value	Value Increase over Principal Amount
NexGen Energy Ltd.	\$15,000,000	\$503,125	\$25,512,820	\$3,275,641	\$44,291,586	\$29,291,586
IsoEnergy Ltd.	\$6,000,000	\$199,750	\$27,750,000	\$1,840,909	\$35,790,659	\$29,790,659
Adriatic Metals Plc	\$20,000,000	\$240,833	Nil	\$9,179,296	\$29,420,129	\$9,420,129
Los Andes Copper Ltd.	\$5,000,000	\$90,000	\$73,935	\$3,150,186	\$8,314,121	\$3,314,121

## **Competitive Conditions**

Global resource companies have access to numerous sources of capital to fund their activities. QRC competes with other providers of capital to resource companies, including equity investors, debt investors, royalty companies and streaming companies.

QRC focuses on a specific niche within the resource sector, being investments in convertible debenture securities. QRC believes that its focus on convertible debt securities has the following competitive advantages when serving resource issuers: lower dilution to the equity of the resource issuer due to the conversion feature of the convertible debentures being fixed at a premium to the market price of the underlying equity securities on the date of issuance of the convertible debenture and providing a lower cost of debt capital to the resource issuer than would typically be available, if at all, at this stage of development.

See also “Risk Factors”.

## **Key Personnel**

### ***Warren Gilman- Chief Executive Officer***

Mr. Gilman, a mining engineer, has more than 30 years of experience as a deal maker in the metals and mining sector. He was a founder of the Canadian Imperial Bank of Commerce (“**CIBC**”) Global Mining Team in Toronto in 1988. He subsequently led the team’s efforts out of Australia and Hong Kong. During his time with CIBC, Mr. Gilman was responsible for some of the largest equity capital markets financings in Canadian mining history. From 2011, Mr. Gilman led CEF Holdings Ltd., a global mining investment company, owned 50% by CIBC and 50% by CK Hutchison Holdings Ltd. Through his significant prior involvement with mining issuers, Mr. Gilman has gained experience with reviewing financial statements and related management discussion and analysis, and discussing financial issues with management, accountants and auditors, and as a result, he possesses the understanding of accounting principles and the ability to analyze and evaluate the financial statements of the Company. Mr. Gilman obtained his B.Sc. in Mining Engineering at Queen’s University and his MBA from the Ivey Business School at Western University.

The Company is provided Mr. Gilman’s services as its Chief Executive Officer through a contract between the Company and Queen’s Road Central Capital Ltd. (“**Central**”) dated January 29, 2020 in consideration for the payment to Central of a base fee of \$400,000 per annum. Central is also eligible to receive bonuses at the discretion of the Company’s board, and grants of incentive stock options. If the agreement is terminated by the Company without cause, Central is entitled to payment of one year of the base fee plus an amount equal to the average bonus paid under the agreement in the preceding two years, if any. If the agreement is terminated without cause in the 12 months following a change of control, the termination payment is increased to two years of the base fee plus an amount equal to two years of the average bonus paid under the agreement in the preceding two years, if any. In both cases, all unvested options held by Central vest and may be exercised until the end of their original term.

### ***Alex Granger – President***

Mr. Granger serves as the Company’s President. Mr. Granger is Managing Director of Xela Group Ltd., a consulting firm to the junior metals & mining sector. From 2010-16, he served as Chief Executive Officer of Barisan Gold Corp., a predecessor to the Company. Mr. Granger has fifteen years of experience in the investment banking and capital market industry covering the metals and mining sector. Ten of those years were spent in the Asia Pacific region with CIBC covering companies based in East Asia and Australia. Through his significant prior involvement with mining issuers, Mr. Granger has experience with reviewing financial statements and related management discussion and analysis, and discussing financial issues with management, accountants and auditors, and as a result, he possesses the understanding of accounting principles and the

ability to analyze and evaluate the financial statements of the Company. Mr. Granger holds a Bachelor of Commerce degree from McGill University.

The Company is provided the services of Mr. Granger through a contract between the Company and Xela Environment Ltd. (“**Xela**”) dated January 29, 2020 in consideration for the payment to Xela of a base fee of \$200,000 per annum. The other terms of this consulting agreement are the same as those between the Company and Central.

### ***Vicki Cook – Chief Financial Officer***

Ms. Cook serves as the Company’s Chief Financial Officer. Ms. Cook has worked in various roles for Hutchison Whampoa Limited (“HWL”) over an 18-year period. HWL is a multinational conglomerate, part of the Cheung Kong Group of Companies founded by Mr. Li Ka-shing. Ms. Cook has also been a consultant to Cathay Pacific Airways Limited (“CPA”) for the past seven years. Ms. Cook holds a Master’s degree in Zoology from Oxford University. She is a Chartered Accountant with the Institute of Chartered Accountants in England and Wales and a Fellow of the Hong Kong Institute of Certified Public Accountants.

The consulting agreement dated May 1, 2021, between the Company and Ms. Cook requires the Company to pay Ms. Cook US\$120,000 per annum (the "**Annual Base Fee**") for services provided to the Company.

Pursuant to the agreement if the Company terminates the agreement for any reason other than a Material Breach, the death or permanent disability of Ms. Cook, or certain other reasons that would constitute cause, the Company is required to pay Ms. Cook a lump sum termination payment equal to the Annual Base Fee plus the average of annual bonuses or other cash incentives paid to Ms. Cook for the two calendar years immediately preceding the year in which such termination occurs. In the event the agreement is terminated by Ms. Cook upon a Triggering Event (as defined below), the Company is required to pay Ms. Cook a lump sum termination payment equal to the Annual Base Fee plus the average of annual bonuses or other cash incentives paid to Ms. Cook for the two calendar years immediately preceding the year in which such termination occurs. In the event of a Change of Control (as defined below), and within one year of the Change of Control, a Triggering Event occurs, Ms. Cook may terminate the agreement and receive 1.5 times the Annual Base Fee plus the average of annual bonuses or other cash incentives paid to Ms. Cook for the two calendar years immediately preceding the year in which such termination occurs. If, within one year of a Change of Control, the Company terminates the agreement, the Company is required to pay Ms. Cook 1.5 times the Annual Base Fee plus the average of annual bonuses or other cash incentives paid to Ms. Cook for the two calendar years immediately preceding the year in which such termination occurs.

### **Lending**

The Company is a 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 and resource projects in advanced development or production located in safe jurisdictions.

A majority of the Company’s investments are in the form of convertible securities whereby resource companies issue convertible debentures to the Company to raise capital to fund their operations. The terms of the convertible debentures vary from investment to investment.

The Company conducts significant due diligence prior to making any investment to ensure the quality of the underlying asset, the legal standing of the issuer, any political/permitting issues, the ability of the borrower to repay the debt and the strength and resolve of its management team.

## **Reorganizations**

During the financial year ended August 31, 2020, the Company changed its business from “mining issuer” to “investment issuer”, changed its name from Lithion Energy Corp, to Queen’s Road Capital Investment Ltd., completed the continuation out of British Columbia pursuant to the BCBCA into the Cayman Islands pursuant to the Companies Law, and relocated its head office to Hong Kong. See “Description and General Development of the Business – Three Year History – Year Ended August 31, 2020 Developments - Change of Name, Change of Business & Continuance” above.

## **Social and Environmental Policies**

On May 7, 2020, the Company adopted an economic, social and governance policy (“ESG Policy”) to govern its investment activities. The overall objectives of the ESG Policy is to promote sustainability performance in the Company’s business relations with investees and suppliers in all jurisdictions in which the Company and its investees operate. A full copy of the Company’s ESG Policy is available at <https://queensrdcapital.com/investors/corporate-governance/>.

## **RISK FACTORS**

*Investing in our securities is speculative and involves a high degree of risk due to the nature of our business and the present stage of its development. The following risk factors, as well as risks currently unknown to us, could materially adversely affect our future business, operations and financial condition and could cause them to differ materially from the estimates described in forward-looking statements relating to the Company, or its business, property or financial results, each of which could cause purchasers of our securities to lose part or all of their investment. The risks set out below are not the only risks we face; risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business, financial condition, results of operations and prospects. You should also refer to the other information set forth or incorporated by reference in this AIF.*

### **Risks Related to the Business of the Company**

#### ***Portfolio Exposure and Sensitivity to Macro-Economic Conditions***

Given the nature of the Company’s proposed investment activities, the results of operations and financial condition of the Company will be dependent upon the market value of the securities that will comprise the Company’s investment portfolio. Market value can be reflective of the actual or anticipated operating results of companies in the portfolio and/or the general market conditions that affect a particular sector. Various factors affecting the natural resource sector (in which the Company intends to focus its investment activities) could have a negative impact on the Company’s portfolio of investments and thereby have an adverse effect on its business. Additionally, the Company may invest in small-cap businesses that may never mature or generate adequate returns or may require a number of years to do so. This may create an irregular pattern in the Company’s investment gains and revenues (if any).

Macro factors such as fluctuations in global political and economic conditions could also negatively affect the Company’s portfolio of investments. Due to the Company’s proposed focus on the natural resource sector, the success of the Company’s investments will be interconnected to the strength of the various industries. The Company may be adversely affected by the falling share prices of the securities of investee companies; as such, share prices may directly and negatively affect the estimated value of the Company’s portfolio of investments. Moreover, Company-specific risks, such as the risks associated with mining operations generally, could have an adverse effect on one or more of the investments that may comprise the portfolio at any point in time. Company-specific and industry-specific risks that may materially adversely affect the Company’s investment

portfolio may have a materially adverse impact on operating results. The factors affecting current macro-economic conditions are beyond the control of the Company.

Furthermore, the occurrence of unforeseen or catastrophic events, including war, the emergence of a pandemic or other widespread health emergency, terrorist attacks or natural disasters (or concerns over the possibility of such an emergency), could create economic and financial disruptions and could lead to operational difficulties that could impair the Company's ability to manage its business and lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. These risks could also adversely affect securities markets, inflation and other factors relating to the securities that would be held from time to time. Such events could, directly or indirectly, have a material effect on the prospects of the Company and the value of the securities in its investment portfolio.

### ***Changes in Commodity Prices***

As an investor in companies in the resource sector, the price of QRC's Common Shares may be indirectly but significantly affected by declines in commodity prices. The price of commodities fluctuates daily and are affected by factors such as levels of supply and demand, industrial development, inflation and interest rates, the U.S. dollar's strength and geo-political events. External economic factors that affect commodity prices can be influenced by changes in international investment patterns, monetary systems and political developments.

All commodities, by their nature, are subject to wide price fluctuations and future material price declines will result in a decrease in revenue or, in the case of severe prolonged declines that cause a suspension or termination of production by relevant resources issuers. This could affect the value of the equity investments which the Company has made in resource issuers, and the ability of borrowers to repay debt owed to the Company. This could in turn affect the price or value of the Company's Common Shares.

### ***Natural Resource Sector Risks***

Investing in natural resource corporations can be speculative in nature and the value of the Company's investments may be subject to significant fluctuations. Such businesses entail a degree of risk, regardless of the skill and experience of the corporation's management. The assets, earnings and share values of corporations involved in the natural resource industry are subject to risks associated with the world prices of various natural resources, forces of nature, economic cycles, commodity prices, exchange rates, royalty and taxation changes and political events. Government restrictions, such as price regulations, production quotas, royalties and environmental protection, can also be factors.

### ***QRC Has No Control Over Exploration, Development or Mining Operations***

QRC is not directly involved in exploration and development of mineral properties or the operation of mines, but is a passive investor in resource issuers. Some of the issuers in which QRC invests may not progress to the stage of having operating mines, and if they do, QRC no control on how third parties own/operate their own mining operations. The inability of QRC to control the activities of the resource issuers in which it has invested may result in a material adverse effect on the results of operations of QRC and its financial condition. The owners or operators may take action which negatively affects the price or value of their shares; may be unable or unwilling to fulfill their obligations under their agreements with QRC; have difficulty obtaining or be unable to obtain the financing necessary to move projects forward; or experience financial, operational or other difficulties, including insolvency, which could limit the owner or operator's ability to repay loans made to them by QRC.

The third parties in which QRC holds an interest may from time to time announce transactions, including the sale or transfer of the projects or of the operator itself, over which QRC has little or no control. Such

transactions may affect the price or value of such parties' shares, and impact upon the value of QRC's investments.

### ***Dependence on Key Personnel***

QRC is dependent on the services of a small number of key management personnel. The ability of QRC to manage its activities and its business will depend in large part on the efforts of these individuals, in particular, Warren Gilman, the Company's Chief Executive Officer and a director, whose industry relationships and experience are critical to the Company's success. The loss of the services of a member of the management of QRC could have a material adverse effect on the Company. From time to time, QRC may also need to identify and retain additional skilled management to efficiently operate its business. The number of persons skilled in metals and mining investment management is limited and competition for such persons is intense. If QRC is not successful in retaining attracting qualified personnel, the ability of QRC to execute on its business model and strategy could be affected, which could have a material and adverse impact on its profitability, results of operations and financial condition.

### ***Cash Flow and Revenue***

The Company's revenue and cash flow will be generated primarily from financing activities, interest payments, dividends, royalty payments on investments and proceeds from the disposition of investments. The availability of these sources of income and the amounts generated from these sources are dependent upon various factors, many of which are outside of the Company's direct control. The Company's liquidity and operating results may be adversely affected if its access to capital markets is hindered, whether as a result of a downturn in market conditions generally or to matters specific to the Company, or if the value of its investments decline, resulting in losses upon disposition.

### ***Private Issuers and Illiquid Securities***

The Company may invest in securities of private issuers, illiquid securities of public issuers and publicly-traded securities that have low trading volumes. The value of these investments may be affected by factors such as investor demand, resale restrictions, general market trends and regulatory restrictions. Fluctuation in the market value of such investments may occur for a number of reasons beyond the control of the Company and there is no assurance that an adequate market will exist for investments made by the Company. Many of the investments made by the Company may be relatively illiquid and may decline in price if a significant number of such investments are offered for sale by the Company or other investors. Even if the Company's investments in private issuers, illiquid securities of public issuers and publicly-traded securities can be sold, there may not be a market for such securities. This may impair the Company's ability to react quickly to market conditions or negotiate the most favourable terms for exiting such investments. Investments in private corporations may offer relatively high potential returns, but will also be subject to a relatively high degree of risk. The process of valuing investments in natural resource corporations will inevitably be based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments.

### ***Available Opportunities and Competition for Investments***

QRC competes with other companies for investments. Other companies may have greater resources than QRC. Any such competition may prevent QRC from being able to secure new investments. Future competition in the resource sector could materially adversely affect QRC's ability to conduct its business. There can be no assurance that QRC will be able to compete successfully against other companies in making new investments. In addition, QRC may be unable to make investments at acceptable valuations which may result in a material and adverse effect on QRC's profitability, results of operations and financial condition.

While the Company's approach of investing in convertible debentures and making concurrent equity investments in resource issuers sets it apart from investment issuers who purchase royalties and streams or make other forms of investment, the Company operates in a market where resource issuers seeking financing have a variety of options and sources of financing from which to choose.

### ***Share Prices of Investments***

Investments in securities of public companies are subject to volatility in the share prices of such companies. There can be no assurance that an active trading market for any of the subject shares comprising the Company's investment portfolio is sustainable. The trading prices of such subject shares could be subject to wide fluctuations in response to various factors beyond the Company's control, including, but not limited to, quarterly variations in the subject companies' results of operations, changes in earnings, results of exploration and development activities, estimates by analysts, conditions in the resource industry and general market or economic conditions. In recent years, equity markets have experienced extreme price and volume fluctuations. These fluctuations have had a substantial effect on market prices, often unrelated to the operating performance of the specific companies. Such market fluctuations could adversely affect the market price of the Company's investments.

### ***Concentration of Investments***

Other than as described herein, there are no restrictions on the proportion of the Company's funds and no limit on the amount of funds that may be allocated to any particular investment. The Company may participate in a limited number of investments and, as a consequence, its financial results may be substantially adversely affected by the unfavourable performance of a single investment. Completion of one or more investments may result in a highly concentrated investment in a particular company, commodity or geographic area, resulting in the performance of the Company depending significantly on the performance of such company, commodity or geographic area.

### ***Additional Financing***

The Company may wish to raise additional funds to support its growth and may seek such funds through public or private equity, or debt financing. There are no assurances that additional funding will be available at all, on acceptable terms or at an acceptable level. Any limitations on the Company's ability to access the capital markets for additional funds could limit the Company's ability to grow its investment portfolio.

If the Company raises additional funds by issuing equity or convertible debt securities, it will reduce the percentage ownership of the Company's then-existing shareholders, and the holders of those newly-issued equity or convertible debt securities may have rights, preferences, or privileges senior to those possessed by the Company's then-existing shareholders. Additionally, future sales of a substantial number of shares of the Company's Common Shares or other equity related securities in the public market could depress the market price of the Company's Common Shares and impair the Company's ability to raise capital through the sale of additional equity or equity-linked securities. The Company cannot predict the effect that future sales of Common Shares or other equity-related securities would have on the market price of the Company's Common Shares.

### ***No Guaranteed Return***

There is no guarantee that an investment in the securities of the Company will earn any positive return in the short-term or long-term. The task of identifying investment opportunities, monitoring such investments and realizing a significant return is difficult. Many organizations operated by persons of competence and integrity have been unable to make, manage and realize a return on such investments successfully. The Company's past performance provides no assurance of its future success.

### ***Dividends***

The Company has recently paid its maiden dividend on its Common Shares. The Company intends to pay regular dividends to shareholders based on income received from interest bearing investments; however, there is no guarantee that Company will be any dividend in any given period.

### ***Due Diligence***

The due diligence process undertaken by the Company in connection with investments may not reveal all facts that may be relevant in connection with an investment. Before making investments, the Company will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, the Company may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, the Company will rely on resources available, including information provided by the target of the investment and, in some circumstances, third-party investigations. The due diligence investigation that is carried out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful.

### ***Exchange Rate Fluctuations***

The operations of QRC are subject to foreign currency fluctuations and inflationary pressures, which may have a material adverse effect on the profitability of QRC, its result of operations and financial condition. There can be no assurance that the steps taken by management to address such fluctuations will eliminate the adverse effects and QRC may suffer losses due to adverse foreign currency fluctuations.

### ***Non-Controlling Interests***

The Company's investments are likely to consist of debt instruments and equity securities of companies that it does not control. These investments will be subject to the risk that the company in which the investment is made may make business, financial or management decisions with which the Company does not agree or that the majority stakeholders or the management of the investee company may take risks or otherwise act in a manner that does not serve the Company's interests.

If any of the foregoing were to occur, the values of the Company's investments could decrease and its financial condition, results of operations and cash flow could suffer as a result.

### ***Potential Conflicts of Interest***

Certain directors and officers of QRC also serve as directors and/or officers of other companies that are involved in natural resource explorations, development and mining operations, including NexGen, and consequently there exists the possibility for such directors and officers to be in a position where there is a conflict of interest. Any decision made by any such directors and officers will be made in accordance with their duties and obligations to deal in good faith and in the best interests of QRC and its shareholders. Each director that is in a conflict of interest is required to declare such conflict and abstain from voting on a matter in which that director is conflicted in accordance with applicable law.

### ***Potential Transaction and Legal Risks***

The Company intends to manage transaction risks through allocating and monitoring its capital investments in circumstances where the risk to its capital is minimal, carefully screening transactions, and engaging qualified

personnel to manage transactions, as necessary. Nevertheless, transaction risks may arise from the Company's investment activities. These risks include market and credit risks associated with its operations. An unsuccessful investment may result in the total loss of such an investment and may have a material adverse effect on the Company's business, results of operations, financial condition and cash flow.

The Company may also be exposed to legal risks in its business, including potential liability under securities or other laws and disputes over the terms and conditions of business arrangements. The Company also faces the possibility that counterparties in transactions will claim that it improperly failed to inform them of the risks involved or that they were not authorized or permitted to enter into such transactions with the Company and that their obligations to the Company are not enforceable. During a prolonged market downturn, the Company expects these types of claims to increase. These risks are often difficult to assess or quantify and their existence and magnitude often remains unknown for substantial periods of time. The Company may incur significant legal and other expenses in defending against litigation involved with any of these risks and may be required to pay substantial damages for settlements and/or adverse judgments. Substantial legal liability or significant regulatory action against the Company could have a material adverse effect on its results of operations and financial condition.

### ***Public Health Crises, including the COVID-19 Pandemic may Significantly Impact QRC***

QRC's business, operations and financial condition could be materially adversely affected by public health crises, including epidemics, pandemics and or other health crises, such as the outbreak of COVID-19. The current COVID-19 global health pandemic is significantly impacting the global economy and commodity and financial markets. The full extent and impact of the COVID-19 pandemic is unknown and to date has included extreme volatility in financial markets, a slowdown in economic activity, extreme volatility in commodity prices (including precious metals) and has raised the prospect of a global recession. The international response to COVID-19 has led to significant restrictions on travel, temporary business closures, quarantines, global stock market volatility and a general reduction in consumer activity, globally. Public health crises, such as the COVID-19 outbreak, can result in operating, supply chain and project development delays that can materially adversely affect the operations of third parties in which QRC has an interest. Mining operations of third parties in which QRC holds an interest could be suspended for precautionary purposes or as governments declare states of emergency or other actions are taken in an effort to combat the spread of COVID-19. If the operation or development of one or more of the properties of a third party in which QRC holds an interest is suspended, it may have a material adverse impact on QRC's results of operations, financial condition and the trading price of QRC's securities.

The risks to QRC's business include without limitation, the risk of breach of material contracts and customer agreements, employee health, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, prolonged restrictive measures put in place in order to control an outbreak of contagious disease or other adverse public health developments globally and other factors that will depend on future developments beyond QRC's control, which may have a material and adverse effect on QRC's business, financial condition and results of operations. In addition, QRC may experience business interruptions as a result of suspended or reduced operations at the operations of third parties in which QRC has an interest, relating to the COVID-19 outbreak or such other events that are beyond the control of QRC, which could in turn have a material adverse impact on QRC's business, operating results, financial condition and the market for its securities. As at the date of this AIF, the duration of any business disruptions and related financial impact of the COVID-19 outbreak cannot be reasonably estimated. It is unknown whether and how QRC may be affected if such pandemic, such as the COVID-19 outbreak, persists for an extended period of time.

### ***Strategy for Investments***

As QRC executes on its business plan it will seek to invest in third party companies. QRC cannot offer any assurance that it can complete any investment or proposed business transactions on favorable terms or at all,

or that any completed investment or proposed transactions will benefit QRC. QRC intends to participate in a limited number of investments and, as a consequence, the aggregate return of the Company may be substantially adversely affected by the unfavourable performance of even a single investment.

At any given time QRC may have various types of transactions and investment opportunities in various stages of review, including submission of indications of interest and participation in discussions or negotiations in respect of such transactions. This process also involves the engagement of consultants and advisors to assist in analyzing particular opportunities. Any such acquisition or transaction could be material to QRC and may involve the issuance of securities by QRC to fund any such acquisition. In addition, any such investment or other transaction may have other transaction specific risks associated with it, including risks related to the completion of the transaction, the counterparties to such transaction, or the jurisdictions in which such counterparty operates.

Additionally, QRC may consider opportunities to restructure its investments where it believes such a restructuring may provide a long-term benefit to QRC, even if such restructuring may reduce near-term revenues or result in QRC incurring transaction related costs. QRC may enter into one or more investments and transactions at any time.

### ***Change in Material Assets***

As at the date of this AIF, the NexGen, IsoEnergy, Adriatic and Osisko Green investments are currently the only material assets of QRC, although as new investments are made, the materiality of each investment to QRC will be reconsidered. Any adverse development affecting the operations at NexGen, IsoEnergy, Adriatic and/or Osisko Green, or of any other significant investment company from time to time, such as, but not limited to, unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage, or the inability to hire suitable personnel and engineering contractors or secure supply agreements on commercially suitable terms, may have a material adverse effect on the financial condition of QRC and results of its operations.

### ***Litigation affecting Investments***

Potential litigation may arise involving a company in which QRC has an interest. QRC will not generally have any influence on the litigation and will not generally have access to data. Any such litigation that results in the cessation or reduction of operation from a property (whether temporary or permanent) could have a material and adverse effect on QRC's results of operations, financial condition and the trading price of the Common Shares of QRC.

### ***Changes in Tax Laws Impacting QRC***

There can be no assurance that new tax laws, regulations, policies or interpretations will not be enacted or brought into being in the jurisdictions where QRC has interests that could have a material adverse effect on QRC. Any such change or implementation of new tax laws or regulations could adversely affect QRC's ability to conduct its business. No assurance can be given that new taxation rules or accounting policies will not be enacted or that existing rules will not be applied in a manner which could result in the profits of QRC being subject to additional taxation or which could otherwise have a material adverse effect on the profitability of QRC, QRC's results of operations, financial condition and the trading price of the Common Shares of QRC. In addition, the introduction of new tax rules or accounting policies, or changes to, or differing interpretations of, or application of, existing tax rules or accounting policies could make investments by QRC less attractive to counterparties. Such changes could adversely affect the ability of QRC to make future investments.

### ***Failure to Maintain Adequate Internal Control over Financial Reporting***

The Company is required to assess its internal controls in order to satisfy the requirements of applicable securities laws which require an annual assessment by management of the effectiveness of the Company's internal control over financial reporting. The Company may fail to achieve and maintain the adequacy of its internal control over financial reporting, as such standards are modified, supplemented or amended from time to time, and the Company may not be able to ensure that it can conclude on an ongoing basis that it has effective internal controls over financial reporting in accordance with applicable laws. The Company's failure to satisfy applicable requirements on an ongoing, timely basis could result in the loss of investor confidence in the reliability of its financial statements which, in turn, could harm the Company's business and negatively impact the market value of the Company's Common Shares. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's operating results or cause it to fail to meet its reporting obligations. There can be no assurance that the Company will be able to remediate material weaknesses, if any, identified in future periods, or maintain all of the controls necessary for continued compliance, and there can be no assurance that the Company will be able to retain sufficient skilled finance and accounting personnel.

Future acquisitions of companies, if any, may provide the Company with challenges in implementing the required processes, procedures and controls in its acquired operations. Future acquired companies, if any, may not have disclosure controls and procedures or internal control over financial reporting that are as thorough or effective as those required by securities laws currently applicable to the Company.

No evaluation can provide complete assurance that the Company's internal control over financial reporting will detect or uncover all failures of persons within the Company to disclose material information otherwise required to be reported. The effectiveness of the Company's controls and procedures could also be limited by simple errors or faulty judgments. In addition, as the Company continues to expand, the challenges involved in implementing appropriate internal controls over financial reporting will increase and will require that the Company continue to improve its internal controls over financial reporting. Although the Company intends to devote substantial time and incur costs, as necessary, to ensure compliance, the Company cannot be certain that it will be successful in complying with applicable requirements on an ongoing basis.

### ***Information Systems and Cyber Security***

The Company's information systems, and those of its counterparties and vendors, are vulnerable to an increasing threat of continually evolving cybersecurity risks. Unauthorized parties may attempt to gain access to these systems or the Company's information through fraud or other means of deceiving the Company's counterparties. The Company's operations depend, in part, on how well the Company and its suppliers, as well as counterparties, protect networks, equipment, information technology systems and software against damage from several threats. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations. Although to date the Company has not experienced any material losses relating to cyber-attacks or other information security breaches, there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain an area of attention.

### **Risks Related to the Company's Securities**

#### ***Volatility of Stock Price***

The Common Shares of QRC are listed and posted for trading on the TSXV. An investment in the securities of QRC is highly speculative. The market price of securities of companies involved in the mining and natural resources industry have experienced substantial volatility in the past and are currently experience extreme volatility as a result of the COVID-19 global pandemic. The price of the Common Shares is likely to be influenced by changes in commodity prices, the financial condition of QRC and other risk factors identified in this AIF. The extent to which COVID-19 impacts the market for securities of QRC, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the COVID-19 outbreak and the actions taken to contain or treat the COVID-19 outbreak.

The market price of the Common Shares has been and may continue to be subject to wide fluctuations in response to factors such as actual or anticipated variations in its results of operations, changes in financial estimates by securities analysts, general market conditions and other factors. Market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, may adversely affect the market price of the Common Shares, even if the Company is successful in maintaining revenues, cash flows or earnings. The purchase of the Common Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Securities of the Company should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company should not constitute a major portion of an investor’s portfolio.

***Trading Price of the Common Shares Relative to Net Asset Value***

The Company is not a mutual fund or an investment fund and, due to the nature of its business and investment strategy and the composition of its investment portfolio, the market price of the Common Shares, at any time, may vary significantly from the Company’s net asset value per Common Share. This risk is separate and distinct from the risk that the market price of the Common Shares may decrease.

***Concentration of Share Ownership***

As at the date of this AIF, Corom Pty Ltd. owns approximately 25.2% of the outstanding Common Shares (on a non-diluted basis), Wyloo Metals Pty Ltd. owns approximately 25.1% of the outstanding Common Shares (on a non-diluted basis) and BBRC International Pte Ltd. owns approximately 13.0% of the outstanding Common Shares (on a non-diluted basis). The concentrated share ownership could have the effect of delaying or preventing a change of control.

**DIVIDENDS**

The Company declared its maiden dividend on October 18, 2021 to all shareholders of record as at November 15, 2021. The Company intends on paying a regular dividend from excess interest income over the Company’s cost of operations. The payment of dividends in the future will depend on the Company’s financial condition and such other factors as the directors of the Company consider appropriate.

<b>Dividend Record Date</b>	<b>Dividend Amount</b>
November 15, 2021	C\$0.015

## DESCRIPTION OF CAPITAL STRUCTURE

### Common Shares

The authorized share capital of the Company consists of 5,000,000,000 Common Shares of par value of C\$0.01 each. As of the date of this AIF, 289,735,954 Common Shares were issued and outstanding as fully paid and non-assessable Common Shares.

The holders of the Common Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Company and each Common Share confers the right to one vote in person or by proxy at all meetings of the shareholders of the Company. The holders of the Common Shares are entitled to receive such dividends in any financial year as the Board of Directors of the Company may by resolution determine. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary or for the purpose of a reorganization or otherwise or upon any distribution of capital, the holders of the Common Shares are entitled to receive the surplus assets of the Company.

### Stock Options

The Company has in place a stock option plan (the “**Option Plan**”) which was most recently approved by the shareholders on November 5, 2020. The Company has no other equity-based incentive plans. The Option Plan is a so-called “10% rolling stock option plan”. The TSXV requires all listed companies having 10% rolling stock option plans to obtain shareholder approval of such plans annually. The following table sets out the options issued under the Option Plan as at the date of this report.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights as at the date of this AIF  (a)	Weighted-average exercise price of outstanding options, warrants and rights as at the date of this AIF  (b)	Number of securities remaining available for future issuance under equity compensation plans, excluding securities reflected in column (a)  (c)
Equity compensation plans approved by security holders <sup>(1)</sup>	3,150,000	C\$0.31	25,823,595
Equity compensation plans not approved by security holders	N/A	N/A	N/A
<b>Total</b>	<b>3,150,000</b>	<b>C\$0.31</b>	<b>25,823,595</b>

Notes:

- (1) The Option Plan permits the grant of stock options exercisable to purchase that number of Common Shares which is equal, in the aggregate, to a maximum of 10% of the number of Common Shares outstanding at the time of grant. No warrants or rights are issuable under the Option Plan and the Company has no other incentive plan.

## MARKET FOR SECURITIES

### Market

The Company's Common Shares are listed on the TSXV under the trading symbol "QRC".

### Trading Price and Volume

The following table sets out the monthly high and low trading prices and the monthly volume of trading of the Common Shares of the Company on the TSXV for the most recently completed financial year:

	<u>High (C\$)</u>	<u>Low (C\$)</u>	<u>Volume</u>
September 2020	0.45	0.385	2,074,354
October 2020	0.40	0.355	1,634,804
November 2020	0.62	0.37	1,591,862
December 2020	0.77	0.55	1,686,765
January 2021	0.90	0.70	1,236,124
February 2021	0.94	0.77	982,089
March 2021	0.86	0.69	1,427,814
April 2021	0.89	0.70	940,115
May 2021	0.81	0.68	1,037,028
June 2021	0.78	0.60	1,000,176
July 2021	0.67	0.62	521,357
August 2021	0.70	0.60	827,450

### Prior Sales

The Company did not issue Common Shares during the most recently completed financial year.

### ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

As at the date of this report, there are no Common Shares in escrow.

## DIRECTORS AND OFFICERS

The names and provinces or states and countries of residence of the directors and officers of the Company as at August 31, 2021, positions held by them with the Company and their principal occupations for the past five years are as set forth below. The term of office of each of the present directors expires at the next annual general meeting of shareholders. After each such meeting, the Board of Directors appoints the Company's officers and committees for the ensuing year.

Name, Province or State and Country of Ordinary Residence of Director <sup>(1)</sup> and Present Positions with the Company	Principal Occupation during the last Five Years <sup>(1)</sup>	Period from which person has been a Director or Officer	Number of Common Shares Held <sup>(2)</sup>
Warren Gilman <sup>(4)</sup> Hong Kong Chairman, CEO and Director	Chairman and Chief Executive Officer of CEF Holdings Limited since 2011. Founder and Director of Queen's Road Central Capital Ltd., a Hong Kong-based consulting business, since 2019. Chairman and CEO of the Company since January 2020.	May 2, 2019	27,092,323
Alex Granger <sup>(3)</sup> Hong Kong President & Director	Managing Director of Xela Group Ltd., a Hong Kong-based consulting business. CEO and Director of the Company from December 2010 to November 2016. President of the Company since January 2020.	May 2, 2019	2,784,549
Michael Cowin <sup>(3)(4)</sup> NSW, Australia Independent Director	Principal of Corom Funds Management Pty Ltd., an Australian-based investment company, since 2018. Equity partner and Director of Northcape Capital Pty Ltd., an Australian-based investment fund from 2008 to 2018.	February 12, 2020	2,909,907 <sup>(5)</sup>
Donald Roberts <sup>(3)(4)</sup> Hong Kong Independent Director	Retired Group Deputy Chief Financial Officer of Hutchison Whampoa Limited, a predecessor to CK Hutchison Holdings Limited, a Hong Kong-based investment company.	February 12, 2020	663,542 <sup>(6)</sup>
Peter Chau Hong Kong Independent Director	Managing Director and Chief Investment Officer of Infiniti Investment Management Ltd., a Hong Kong based investment company	November 5, 2020	750,000

<sup>(1)</sup> The information as to city and province of residence and principal occupation, not being within the knowledge of the Company, has been furnished by the respective directors individually.

<sup>(2)</sup> Common Shares beneficially owned, directly and indirectly, or over which control or direction is exercised, at the date hereof, based upon the information furnished to the Company by individual directors and officers. Unless otherwise indicated, such Common Shares are held directly. These figures do not include Common Shares that may be acquired on the exercise of any stock options held by the respective directors or officers.

<sup>(3)</sup> Current Member of the Audit Committee of the Company.

<sup>(4)</sup> Current Member of the Compensation, Corporate Governance and Nominating Committee of the Company.

<sup>(5)</sup> Includes 1,163,961 Common Shares held by Corom Investments Pty Ltd., 872,963 Common Shares held by Bunkwee Investments Pty Ltd. and 872,963 Common Shares held by JJC FT Pty Ltd., all companies controlled by Michael Cowin.

<sup>(6)</sup> Includes 663,542 Common Shares held by Whole New Enterprises Ltd., a company controlled by Donald Roberts.

As of the date of this AIF, the directors, nominees, officers and other members of Management of the Company, as a group beneficially owned, directly or indirectly, 34,200,321 Common Shares of the Company representing 11.8% of the total issued and outstanding Common Shares of the Company.

## **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

No director or executive officer of the Company is, or has been in the last 10 years, a director, chief executive officer or chief financial officer of any company (including the Company) of an issuer that, while that person was acting in that capacity,

- (a) was the subject of a cease trade order or similar order or an order that denied the issuer access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days; or
- (a) was subject to an event that resulted, after that person ceased to be a director, chief executive officer or chief financial officer, in the company being the subject of a cease trade or similar order or an order that denied the issuer access to any exception under Canadian securities legislation, for a period of more than 30 consecutive days.

No director or executive officer or shareholder holding a sufficient number of securities of the Company to materially affect the control the Company:

- (a) is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company (including the Company) that while that person was acting in that capacity, or within a year of that person ceasing to act in the capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within 10 years before the date of this AIF become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director or officer of the Company or a shareholder holding a sufficient number of Common Shares to affect materially the control of the Company has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

## **Conflicts of Interest**

The Company is a resource focused investment company, making investments in privately held and publicly traded resource companies. Certain directors and officers of the Company are also, or may become, directors, officers or shareholders of other companies in which the Company has made or may make, investments in. Such associations to other public companies may give rise to conflicts of interest from time to time. As a result, opportunities provided to a director of the Company may not be made available to the Company, but rather may be offered to a company with competing interests. The directors and senior officers of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any personal interest which they may have in any project or opportunity of the Company, and to abstain from voting on such matters.

The directors and officers of the Company are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosure by the directors of conflicts of interests and the Company will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors and officers.

Warren Gilman is a director of NexGen Energy Ltd., a resource issuer in which the Company has an investment. NexGen Energy Ltd. is the controlling shareholder of IsoEnergy Ltd., itself a resource issuer in which the Company has an investment. Warren Gilman is also a director of Los Andes Copper Ltd., a resource issuer in which the Company has an investment. Mr. Gilman has disclosed to the Company that, as a result of his acting as director of NexGen Energy Ltd. & Los Andes Copper Ltd., he has an interest in any transaction between the Company and NexGen Energy Ltd., IsoEnergy Ltd. and Los Andes Copper Ltd.

### **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

The Company and its properties are not subject to any legal or other actions, current or pending, which may materially affect the Company's operating results, financial position or property ownership. During the most recently completed financial year, (i) no penalties or sanctions were imposed against the Company by a court or regulatory body and (ii) no settlement agreements were entered into by the Company with a court or a securities regulatory authority.

### **PROMOTERS**

No person other than Warren Gilman has acted as a promoter of the Company during the last two most recently completed financial years or during the current financial year.

### **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Other than as set forth below and other than transactions carried out in the ordinary course of business of the Company, none of the directors or executive officers of the Company, any shareholder directly or indirectly beneficially owning, or exercising control or direction over, more than 10% of the outstanding Common Shares, nor an associate or affiliate of any of the foregoing persons has had, during the three most recently completed financial years of the Company or during the current financial year, any material interest, direct or indirect, in any transactions that materially affected or would materially affect the Company.

Corom Pty Ltd., a company controlled by Mr. Jack Cowin of New South Wales, Australia, owns a total of 72,979,378 Shares representing approximately 25.2% of the issued and outstanding Common Shares. See "Description and General Development of the Business – Three Year History – Year Ended August 31, 2020 Developments –C\$84 Million Capital Raising".

Wyloo Metals Pty Ltd., a company controlled by Mr. Andrew Forrest of Western Australia owns a total of 72,747,649 Shares representing approximately 25.1% of the issued and outstanding Common Shares. See "Description and General Development of the Business – Three Year History – Year Ended August 31, 2020 Developments –C\$84 Million Capital Raising".

BBRC International Pte Ltd., a company controlled by Mr. Brett Blundy of Singapore, owns a total of 37,262,866 Shares representing approximately 13.0% of the issued and outstanding Common Shares. See "Description and General Development of the Business – Three Year History – Year Ended August 31, 2020 Developments –C\$84 Million Capital Raising".

### **TRANSFER AGENT AND REGISTRAR**

The Company's registrar and transfer agent is Computershare Investor Services Inc. with its office located at 3<sup>rd</sup> Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

## INTEREST OF EXPERTS

The Company's auditors are KPMG LLP ("KPMG"), Chartered Professional Accountants, who have prepared an independent auditor's report dated November 22, 2021 in respect of the Company's consolidated financial statements as at August 31, 2021 and for year then ended. Dale Matheson Carr-Hilton Labonte LLP ("DMCL"), Chartered Professional Accountants, prepared an independent auditor's report dated December 28, 2020 in respect of the Company's financial statements as at August 31, 2020 and for the year end ended. Both KPMG and DMCL have advised that they are independent with respect to the Company within the meaning of the Chartered Professional Accountants of British Columbia Code of Professional Conduct.

## ADDITIONAL INFORMATION

Additional information on the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Additional information, including directors' and officers' remuneration and indebtedness to the Company, principal holders of the securities of the Company's and securities authorized for issuance under equity compensation plans, is contained in the Company's management information circular for its most recent annual general meeting, which is filed on SEDAR. Additional financial information is provided in the Company's audited consolidated financial statements for the year ended August 31, 2021 and the related management's discussion and analysis of financial conditions and results of operations, both of which are available on SEDAR.

## AUDIT COMMITTEE

As a reporting issuer in all of the provinces and territories of Canada, the Company is required to have an audit committee. NI 52-110 requires the Company, as a venture issuer, to disclose annually the information required by Form 52-110F2 – *Disclosure by Venture Issuers*. The Company's Audit Committee Charter, adopted on May 7, 2020, is attached to this AIF as Schedule A. The following is a summary of matters relating to the Audit Committee.

### *Composition of the Audit Committee*

Donald Roberts, Michael Cowin and Alex Granger are the current members of the Audit Committee. Mr. Roberts is currently the Audit Committee's Chair.

NI 52-110 provides that a member of an audit committee is independent if the member has no direct or indirect material relationship with the issuer, which could, in the view of the issuer's board of directors, reasonably interfere with the exercise of the member's independent judgment. Donald Roberts and Michael Cowin are independent members of the Audit Committee for the purposes of NI 52-110.

NI 52-110 provides that an individual is "financially literate" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements. All members of the Company's Audit Committee are considered to be financially literate as that term is defined in NI 52-110.

### *Relevant Education and Experience*

**Donald Roberts (Chair)** – Mr. Roberts is an Independent Non-executive Director ("INED") and a member of the Audit and Nomination Committees of CK Asset Holdings and CK Life Sciences Int'l., (Holdings) Inc. (both listed in Hong Kong) and an INED and Chairman of the Audit and Remuneration Committees of HK Electric Investments (listed in Hong Kong). He is also an INED of Welab Bank Limited, a licensed virtual bank in Hong Kong. Don had a successful career with CK Hutchison Holdings (formerly Hutchison Whampoa Limited ("HWL")), a Fortune 500 company listed in Hong Kong. He joined HWL in 1988 and was the Group Deputy Chief Financial Officer of HWL from 2000 until his retirement in 2011. Prior to that, he completed his

professional training with PricewaterhouseCoopers in Canada and held senior manager positions in their offices in Europe and Hong Kong. Mr. Roberts was a Member of the Listing Committee of the Main Board and GEM of The Stock Exchange of Hong Kong Limited from July 2015 to July 2020. Don has lived and worked in Hong Kong since 1984 and has served as a Governor and a member of the Executive Committee of The Canadian Chamber of Commerce (the “**Chamber**”) in Hong Kong. He is currently a Governor of the Chamber. Don served as a Governor of the Canadian International School of Hong Kong for the periods between 1998 to 2004, and between 2006 to 2012 and also as a member on its Finance & Administration Committee. Mr. Roberts served as a member, including as the Deputy Chairman, of the Professional Conduct Committee of the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for 9 years. He holds a Bachelor of Commerce degree from the University of Calgary and is a Chartered Accountant with the Chartered Professional Accountants of Canada, Alberta and British Columbia, and a Fellow of the HKICPA.

**Michael Cowin** – Mr. Cowin is the Principal of Corom Funds Management Pty. Ltd., an entity managing the Cowin family office investments. He is also Chairman of Domino’s Pizza Japan, Inc. and a Director of Apache Industrial Services, Inc., CTE Investments Pty Ltd., Rockmaster Resources Corp. and Walcott Resources Ltd. Mr. Cowin has over 25 years investment experience in the wholesale funds management sector in Australia. From 2007 to 2018, he was an equity partner and Director of Northcape Capital Pty Ltd., a boutique investment fund based in Australia which manages over A\$10 billion. He was the portfolio manager for the Emerging Companies Fund at Northcape Capital. Prior to Northcape Capital, Mr. Cowin was a senior portfolio manager at AMP Capital from 2004-2007 where he ran the AMP Small Companies Fund. From 2003-2004, he managed the Small Companies Fund at UBS managing ‘small cap’ money in Australia. Mr. Cowin has gained extensive experience investing in the resources sector and holds a Masters of Business Administration from the Australian Graduate School of Management and a Bachelor of Chemical Engineering (Honours) from the University of NSW.

**Alex Granger** – Mr. Granger serves as the Company’s President. Mr. Granger is Managing Director of Xela Group Ltd., a consulting firm to the junior metals & mining sector. From 2010-16, he served as Chief Executive Officer of Barisan Gold Corp., a predecessor to the Company. Mr. Granger has fifteen years of experience in the investment banking and capital market industry covering the metals and mining sector. Ten of those years were spent in the Asia Pacific region with CIBC covering companies based in East Asia and Australia. Through his significant prior involvement with mining issuers, Mr. Granger has experience with reviewing financial statements and related management discussion and analysis, and discussing financial issues with management, accountants and auditors, and as a result, he possesses the understanding of accounting principles and the ability to analyze and evaluate the financial statements of the Company. Mr. Granger holds a Bachelor of Commerce degree from McGill University.

### ***Audit Committee Oversight***

The Audit Committee has not, at any time since the commencement of the Company’s financial year ended August 31, 2021, made a recommendation to the Board to nominate or compensate an external auditor which was not adopted by the Board.

### ***Reliance on Certain Exemptions***

The Company has not, at any time since the commencement of the Company’s financial year ended August 31, 2021, relied on the exemption in sections 2.4 (*De Minimis Non-audit Services*), 6.1.1(4) (*Circumstances Affecting the Business or Operations of the Venture Issuer*), 6.1.1(5) (*Events Outside Control of Member*), 6.1.1(6) (*Death, Incapacity or Resignation*) or under part 8 (*Exemption*) of NI 52-110.

### ***Pre-Approval Policies and Procedures***

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. Engagements for such services are considered by the Audit Committee on a case-by-case basis. The

Audit Committee may delegate to one or more members the authority to approve non-audit services, provided that the member report to the Audit Committee at the next scheduled meeting such pre-approval and the member comply with such other procedures as may be established by the Audit Committee from time to time.

***External Auditor Service Fees***

The following table sets forth the fees billed to the Company by its auditors, Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants, and KPMG LLP (“KPMG”), Chartered Professional Accountants, for services rendered in respect of the last two financial years for which audits have been completed.

	August 31, 2021 <sup>(1)</sup>	August 31, 2020 <sup>(1)</sup>
Audit Fees: <sup>(2)</sup>	\$160,370 <sup>(3)</sup>	\$51,652
Audit Related Fees: <sup>(4)</sup>	Nil	Nil
Tax Fees: <sup>(5)</sup>	\$18,504	\$1,534
All Other Fees: <sup>(6)</sup>	Nil	Nil
:	\$178,874	\$53,186

Notes:

- (1) DMCL resigned as auditor effective January 7, 2021, subsequent to the completion of the annual financial statements for fiscal year end August 31, 2020. The successor auditor is KPMG LLP, Chartered Professional Accountants.
- (2) “Audit Fees” include fees necessary to perform the annual audit and quarterly reviews of the Company’s consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (3) Includes an accrual for the audit of the year-end financial statements for August 31, 2021 for which an invoice has not yet been received from the auditors at the date of this AIF.
- (4) “Audit-Related Fees” include fees for services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (5) “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (6) “All Other Fees” include fees for all other non-audit services.

***Reliance on Exemption in Section 6.1 of NI 52-110***

The Company is a venture issuer as defined in NI 52-110 and relies on the exemption in section 6.1 (*Venture Issuers*) of NI 52-110 relating to parts 3 (*Composition of Audit Committee*) and 5 (*Reporting Obligations*) of NI 52-110.

## SCHEDULE A

### QUEEN'S ROAD CAPITAL INVESTMENT LTD.

#### AUDIT COMMITTEE CHARTER

##### 1. PURPOSE

The Audit Committee (the “**Committee**”) is a committee of the board of directors (the “**Board**”) of Queen’s Road Capital Investment Ltd. (the “**Company**”), the primary function of which is to assist the Board in its oversight of the nature and scope of the annual audit, management’s reporting on internal accounting standards and practices, financial information and accounting systems and procedures, controls around releases containing financial information, financial reporting and statements and to recommend, for approval of the Board, or to approve, the audited financial statements and interim financial statements.

The primary objectives of the Committee are as follows:

- (a) to assist directors in meeting their responsibilities (especially for accountability) in respect of the preparation and disclosure of the financial statements of the Company and related matters;
- (b) to oversee the work of the external auditors;
- (c) to provide better communication between directors and external auditors;
- (d) to enhance the external auditors’ independence;
- (e) to increase the credibility and objectivity of financial reports; and
- (f) to strengthen the role of the outside directors by facilitating in depth discussions between directors on the Committee, management and the external auditors.

##### 2. RESPONSIBILITY OF MANAGEMENT AND EXTERNAL AUDITORS

The Committee’s role is one of oversight. Management is responsible for preparing the Company’s financial statements and other financial information and for the fair presentation of the information set forth in the financial statements in accordance with International Financial Reporting Standards (“**IFRS**”). Management is also responsible for establishing internal controls and procedures and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

The external auditors’ responsibility is to audit the Company’s financial statements and provide their opinion, based on their audit conducted in accordance with generally accepted auditing standards, that the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Company in accordance with IFRS.

##### 3. MEMBERSHIP AND ORGANIZATION

- (a) **Composition:** The Committee shall be comprised of not less than three members of the Board.
- (b) **Independence:** The Committee shall be composed entirely of “independent” directors, as such term is defined in National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”) and any applicable stock exchange rules, each as may be amended or replaced from time to time (collectively referred to as the “Independence Rules”). Notwithstanding the foregoing, at any time

the Company is a “venture issuer” (as such term is defined in NI 52-110), it may be composed of a majority of persons who are not executive officers, employees or control persons of the Company or its affiliates.

- (c) **Appointment and Removal of Committee Members:** Each member of the Committee shall be appointed by the Board on an annual basis and shall serve at the pleasure of the Board or until the earlier of: (i) the close of the next annual meeting of the shareholders of the Company at which the member’s term of office expires; (ii) the death of the member; or (iii) the resignation, disqualification or removal of the member from the Committee or from the Board. The Board may fill any vacancy in the membership of the Committee.
- (d) **Financial Literacy:** All of the members of the Committee shall be “financially literate” within the meaning used in NI 52-110 or a member who is not financially literate must become so within a reasonable period of time following his or her appointment.
- (e) **Chair:** At the time of the annual appointment of the members of the Committee, the Board shall appoint a chair of the Audit Committee (the “**Chair**”) from among the members of the Committee. The Chair shall preside over all Committee meetings, coordinate the Committee’s compliance with this Charter, work with management to develop the Committee’s annual work plan and provide reports of the Committee to the Board. The Chair may vote on any matter requiring a vote. In the case of an equality of votes, the Chair shall be entitled to a second or casting vote. The Chair shall report to the Board, as required by applicable law or as deemed necessary by the Committee or as requested by the Board, on matters arising at Committee meetings and, where applicable, shall present the Committee’s recommendation to the Board for its approval.
- (f) **Meeting Procedures:** A majority of the members of the Committee shall constitute a quorum for the transaction of business and the act of the majority of those present at any meeting at which there is a quorum shall be the act of the Committee.

#### 4. FUNCTIONS AND RESPONSIBILITIES

The Committee shall have the functions and responsibilities set out below as well as any other functions that are specifically delegated to the Committee by the Board. In addition to these functions and responsibilities, the Committee shall perform the duties required of an audit committee by its governing corporate statute, any requirements of stock exchanges on which the securities of the Company are listed, and all other applicable laws.

- (a) **Oversee External Auditors:** The Committee shall oversee the work of the external auditors, including reviewing any significant disagreements between management and the external auditors in connection with the preparation of financial statements. Periodically, at least annually, the Committee shall meet separately with management and the external auditors.
- (b) **Internal Controls:** The Committee shall monitor the system of internal control. The Committee shall require management to implement and maintain appropriate systems of internal control in accordance with applicable laws, regulations and guidance, including internal control over financial reporting and disclosure and to review, evaluate and approve these procedures. At least annually, the Committee shall consider and review with management and the external auditors:
  - (i) the effectiveness of, or weaknesses or deficiencies in: the design or operation of the Company’s internal controls (including computerized information system controls and security); the overall control environment for managing business risks; and accounting, financial and disclosure controls (including, without limitation, controls over financial

- reporting), non-financial controls, and legal and regulatory controls and the impact of any identified weaknesses in internal controls on management's conclusions;
- (ii) any significant changes in internal control over financial reporting that are disclosed, or considered for disclosure, including those in the Company's periodic regulatory filings;
  - (iii) reports made under the Company's Whistleblower Policy and the resolution thereof during the current period;
  - (iv) any material issues raised by any inquiry or investigation by the Company's regulators; and
  - (v) any related significant issues and recommendations of the external auditors together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls over financial reporting and disclosure controls.
- (c) **Review Financial Statements:** The Committee shall review the annual and interim financial statements of the Company and related management's discussion and analysis ("MD&A") prior to their approval. The process should include but not be limited to:
- (i) reviewing changes in accounting principles and policies, or in their application, which may have a material impact on the current or future years' financial statements;
  - (ii) reviewing significant accruals, reserves or other estimates;
  - (iii) reviewing any "related party" transactions, with related party having the meaning ascribed to it by Canadian securities regulations;
  - (iv) reviewing accounting treatment of unusual or non-recurring transactions;
  - (v) ascertaining compliance with covenants under loan agreements;
  - (vi) reviewing disclosure requirements for commitments and contingencies;
  - (vii) reviewing unresolved differences between management and the external auditors;
  - (viii) obtain explanations of significant variances with comparative reporting periods; and
  - (ix) reviewing any legal matters which could significantly impact the financial statements as reported on by the legal counsel and meet with outside counsel whenever deemed appropriate.
- (d) **Public Disclosure:** The Committee shall review the financial statements, MD&A, annual information forms, management information circulars and any prospectuses as well as all public disclosure containing audited or unaudited financial information before release and prior to Board approval.
- (e) **Interim Financial Statements:** The Committee shall review the interim financial statements and disclosures and obtain explanations from management as required. After completing its review of the interim financial statements, if advisable, the Committee shall, if so authorized by the Board, approve the interim financial statements and the related MD&A, or if not so authorized by the Board, then approve and recommend them for approval by the Board.

- (f) **Hiring Policies:** The Committee shall review and approve the Company's hiring policies regarding the hiring of partners, employers and former partners and employees of the present and former external auditors of the Company.
- (g) **Appointment of External Auditors:** With respect to the appointment of external auditors by the Board, the Committee shall:
  - (i) recommend to the Board the appointment of the external auditors for approval by the shareholders at the Company's annual meeting of shareholders;
  - (ii) recommend to the Board the terms of engagement of the external auditor, including the compensation of the auditors and a confirmation that the external auditors shall report directly to the Committee;
  - (iii) on an annual basis, obtain from the external auditors a formal written statement delineating all relationships between the auditor and the Company, consistent with Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees). Review and discuss with the external auditors all significant relationships such auditors have with the Company to determine the auditors' independence;
  - (iv) review the performance of the external auditors;
  - (v) when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change; and
  - (vi) review and approve in advance any non-audit services to be provided to the Company or its subsidiaries by the external auditors and consider the impact on the independence of such auditors, including reviewing the range of services provided in the context of all consulting services bought by the Company. The Committee may delegate to one or more members the authority to approve non-audit services, provided that the member report to the Committee at the next scheduled meeting such pre-approval and the member comply with such other procedures as may be established by the Committee from time to time.
- (h) **Evaluation and Rotation of Lead Partner:** At least annually, the Committee shall review the qualifications and performance of the lead partners of the external auditors. The Committee shall obtain a report from the external auditors annually verifying that the lead partner of the external auditors has served in that capacity for no more than five fiscal years of the Company and that the engagement team collectively possesses the experience and competence to perform an appropriate audit.
- (i) **Review with External Auditors:** Review with external auditors (and internal auditor if one is appointed by the Company) their assessment of the internal controls of the Company, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses. The Committee shall also review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of the Company and its subsidiaries.
- (j) **Risk Policies and Procedures:** The Committee shall review risk management policies and procedures of the Company (e.g. hedging, litigation and insurance), regarding current areas of great financial risk and whether management is managing these effectively.

- (k) **Treatment of Complaints/Submissions:** The Committee shall review and approve the establishment by management of procedures for the receipt, retention and treatment of complaints received by the Company from employees or others, regarding accounting, internal accounting controls, or auditing matters. The procedures will provide for the confidential, anonymous submission by the Company employees of concerns regarding questionable accounting or auditing matters.
- (l) **Investigations:** The Committee shall have the authority to investigate any financial activity of the Company. All employees of the Company are to cooperate as requested by the Committee.
- (m) **Retain Experts:** The Committee may retain independent counsel, persons having special expertise and/or obtain independent professional advice to assist in fulfilling their responsibilities at the expense of the Company without any further approval of the Board. The Committee has the authority to set, and have the Company, pay the compensation for any such persons engaged by the Committee.
- (n) **Advising Board:** The Committee shall ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the business.
- (o) **Updates to Charter:** The Committee shall annually review and recommend to the Board any updates to this Charter. All changes to this Charter shall be approved by the Board.
- (p) **Legal Compliance:** The Committee shall confirm that the Company's management has the proper review system in place to ensure that the Company's financial statements, reports, press releases and other financial information satisfy legal requirements. The Committee will review with the Company's legal counsel any legal matter that the Committee understands could have a significant impact on the Company's financial statements.
- (q) **Fraud Prevention and Detection:** The Committee shall have the authority to oversee and assess management's controls and processes to prevent and detect fraud; receiving periodic reports on findings of fraud as well as significant findings regarding the design and/or operation of internal controls and management processes.

## 5. LIMITATION OF RESPONSIBILITY

While the Audit Committee has the responsibilities and powers provided by this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with IFRS. This is the responsibility of management (with respect to whom the Audit Committee performs an oversight function) and the external auditors.

## 6. ADOPTION OF THE AUDIT COMMITTEE CHARTER

This Charter was last reviewed, revised, adopted and approved by the Board of Directors of the Company on May 7, 2020.