



Queen's Road Capital Investment Ltd.

Management's Discussion & Analysis
For the year ended August 31, 2022

Effective Date of this Report: November 21, 2022

This Management's Discussion & Analysis ("MD&A") is intended to help the reader understand the significant factors that have affected the performance of Queen's Road Capital Investment Ltd. and its subsidiary (collectively "QRC", "we", "us", "our" or the "Company") and such factors that may affect its future performance. This MD&A should be read in conjunction with the Company's consolidated audited financial statements for the year ended August 31, 2022 and the related notes attached thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB"). The Consolidated Financial Statements are available under QRC's profile on SEDAR at www.sedar.com. All amounts in this MD&A are expressed in United States dollars, unless otherwise stated.

The MDA includes the non-IFRS measure market value of investments which does not have any standardized meaning prescribed under IFRS and therefore may not be comparable to similar measures presented by other entities. This non-GAAP measure should not be considered to be more meaningful than GAAP measures which are determined in accordance with IFRS, such fair value of investments as indicators of the Company's performance. The reconciliation of the market value of investments, to the fair value of investments, the most directly comparable financial measure from the consolidated financial statements, is set out under "Investments at Fair Value" below.

Cautionary Statement on Forward-Looking Information

Except for statements of historical fact, this MD&A contains certain "forward looking information" and "forward looking statements" within the meaning of applicable securities laws, which reflect Management's current expectations, assumptions, and beliefs of the Company as of the date of such information or statements. Generally, forward looking statements and information can be identified by the use of forward-looking terminology such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative connotation thereof.

All such forward-looking statements are based on certain assumptions and analyses made by Management in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances. These statements are, however, subject to known and unknown risks and uncertainties and other factors. As a result, actual results, performance, or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits will be derived therefrom. These risks, uncertainties and other factors include, among others: but are not limited to, statements with respect to the Company's future growth, results of operations, performance and business prospects, opportunities, the Company's investment strategy, investment process, and competitive advantage, growth expectation and opportunities, the availability of future acquisition opportunities and use of the proceeds from financing.

Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that statements containing forward looking information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on statements containing forward looking information. All the forward-looking information and statements contained in this document are expressly qualified, in their entirety, by this cautionary statement. The forward-looking information and statements are made as of the date of this document, and we assume no obligation to update or revise them except as required pursuant to applicable securities laws.

Description of the Business

The Company is a dividend paying, resource focused investment company, making investments in privately held and publicly traded resource companies. The Company acquires and holds securities for long-term capital appreciation, with a focus on convertible debt securities of issuers having resource projects in advanced development or production located in safe jurisdictions. QRC is a Hong Kong based company listed on the Toronto Stock Exchange under the symbol "QRC".

Key Accomplishments During the year Ended August 31, 2022

\$21 Million Canadian Dollar (“C\$”) Investment in Osisko Green Acquisition Ltd.

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 2,000,000 Class A Restricted Voting Units, (each comprising one Class A Restricted Voting Share and one-half of one Warrant);
- Purchase of 597,158 Class B Shares; and
- Purchase of 931,988 Funding Warrants.

Declaration and 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**”).

Approval of Share Repurchase Program

On November 19, 2021 the Company approved a share repurchase program valid for a period of twelve months. Purchases are conducted by a third-party broker until November 21, 2022. Shares purchased under the SRP are held in treasury for use under subsequent DRIP related share issuances.

C\$100 Million Private Placement

On February 28, 2022 the Company completed a non-brokered private placement of 156,250,000 shares at a price of C\$0.64 per share for gross proceeds of C\$100 million.

\$4 Million Investment in Los Andes Copper Ltd.

On April 4, 2022, the Company completed the purchase of an additional \$4 million convertible debenture issued by Los Andes Copper Ltd. (“**Los Andes**”) having the following principal terms:

- 8.0% interest payable quarterly – 5% in cash and 3% in Los Andes common shares;
- 5-year plus one day maturity; and
- Debenture convertible into Los Andes common shares at C\$19.67 per share.

QRC earned a 3% establishment fee on the principal amount of the Los Andes debenture, which was settled by the issuance of 9,914 Los Andes common shares.

\$20 Million Investment in Contango ORE, Inc.

On April 26, 2022, the Company completed the purchase of a \$20 million convertible debenture issued by Contango ORE, Inc. (“**Contango**”) having the following principal terms:

- 8.0% interest payable quarterly – 6% in cash and 2% in Contango common shares;
- 4-year maturity; and
- Debenture convertible into Contango common shares at \$30.50 per share.

QRC earned a 3% establishment fee on the principal amount of the Contango debenture, which was settled by the issuance of 24,174 Contango common shares.

Graduation to the Toronto Stock Exchange

On July 6, 2022, the Company delisted its common shares from the TSX Venture Exchange (“TSXV”) and listed its common shares on the Toronto Stock Exchange (“TSX”).

Key Developments Subsequent to August 31, 2022

\$5 Million Investment in Los Andes

On September 4, 2022, the Company completed the purchase of a further \$5 million convertible debenture issued by Los Andes having the following principal terms:

- 8.0% interest payable quarterly – 5% in cash and 3% in Los Andes common shares;
- 5-year plus one day maturity; and
- Debenture convertible into Los Andes common shares at C\$16.75 per share.

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

\$15 Million Investment in Challenger Exploration Ltd.

On September 12, 2022, the Company completed the purchase of a \$15 million convertible debenture issued by Challenger Exploration Ltd. (“**Challenger**”) having the following principal terms:

- 9.0% interest payable quarterly – 7% in cash and 2% in Challenger common shares;
- 4-year maturity; and
- Debenture convertible into Challenger common shares at Australian Dollar (“A\$”) \$0.25 per share.

QRC earned a 3% establishment fee on the principal amount of the Challenger debenture, which was settled by the issuance of 3,513,457 Challenger common shares.

Declaration and Payment of Dividend

On October 18, 2022, the Company declared its second annual dividend of C\$0.017 per share to all shareholders on record as of November 7, 2022. The dividend was paid on November 17, 2022 and 90% of shareholders elected to reinvest their dividend in shares of the Company through the Company’s dividend reinvestment plan (“**DRIP**”).

\$4 Million Investment in IsoEnergy Ltd.

On November 16, 2022, the Company announced an agreement to purchase a further \$4 million convertible debenture issued by IsoEnergy Ltd. (“**IsoEnergy**”) having the following principal terms:

- 10.0% interest payable semi-annually – 7.5% in cash and 2.5% in IsoEnergy common shares;
- 5-years plus one day maturity; and
- Debenture convertible into IsoEnergy common shares at C\$4.33 per share.

QRC will earn a 3% establishment fee on the principal amount of the IsoEnergy debenture. Completion is expected in December 2022.

Normal Course Issuer Bid

On November 18, 2022 the Company announced the continuation of the normal course issuer bid (“**NCIB**”) valid for a period of twelve months from November 22, 2023. Purchases are conducted by a third-party broker.

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, warrants, 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 an expected 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 be 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, warrants, 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 \$126 million mainly in seven different resource companies as presented in the table below.

Investment Date	Company	Investment	Investment Type
27/05/2020	NexGen Energy Ltd.	US\$15,000,000	Equity
27/05/2020	NexGen Energy Ltd.	US\$15,000,000	Convertible Debt
19/08/2020	IsoEnergy Ltd.	US\$6,000,000	Convertible Debt
01/12/2020	Adriatic Metals Plc	US\$20,000,000	Convertible Debt
08/09/2021	Osisko Green Acquisition Ltd.	C\$21,000,000	Equity and warrants
26/04/2022	Contango ORE, Inc.	US\$20,000,000	Convertible Debt
12/09/2022	Challenger Exploration Ltd.	US\$15,000,000	Convertible Debt
Various ⁽¹⁾	Los Andes Copper Ltd.	US\$14,000,000 ⁽¹⁾	Convertible Debt

(1) Several convertible debentures issued on various dates

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 Company expects to receive annual interest payments of \$7.4 million (assuming interest payments are made by the investee issuers on a timely basis) from its investments in convertible debentures at the date of this report of \$90 million, an average interest rate of 8.2%.

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 establishment fees or 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.

Income Generation (continued)

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 convertible securities investments made to date. Establishment fees have been paid either in cash or shares. The Company has earned \$720,000 in establishment fees for the year ended August 31, 2022 and \$750,000 for the year ended August 31, 2021.

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 are in convertible debt securities, the Company is less exposed to the risk of fluctuations to the market price of the equity securities in which it invests than it would be if it invested in those equity securities directly.

The following table presents the key assumptions used for the valuations of investments as at November 18, 2022:

Assumptions	As at November 18, 2022	
C\$ / \$ Exchange Rate	C\$ / \$	C\$1.34
A\$ / \$ Exchange Rate	A\$ / \$	A\$1.49
NexGen Energy Ltd. ("NXE.TO") Share Price	C\$ / share	C\$5.81
IsoEnergy Ltd. ("ISO.V") Share Price	C\$ / share	C\$3.49
Adriatic Metals Plc ("ADT.AX") Share Price	A\$ / share	A\$2.92
Osisko Green Acquisition Ltd. ("GOGR.TO") Share Price	C\$ / share	C\$9.76
Contango ORE, Inc. ("CTGO.US") Share Price	US\$/share	US\$23.76
Challenger Exploration Ltd. ("CEL.AX") Share Price	A\$/share	A\$0.17

a) Market Value of Equity Investments

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

	Securities Owned	Original Investment	Current Market Value As at November 18, 2022	Value Increase (decrease) over Original Investment
NexGen Energy Ltd.	11,611,667	\$15,000,000	\$50,402,529	\$35,402,529
Osisko Green Acquisition Ltd. Class A Restricted Voting Shares	2,000,000	\$14,989,100	\$14,583,489	\$(405,611)
Other investments	Various	NM ⁽¹⁾	\$10,235,167	NM ⁽¹⁾

(1) Not meaningful as "Other Investments" include (a) securities purchased for investment purposes and (b) securities received as establishment fees and in settlement of interest receivable held for investment purposes that had no original investment cost to the Company.

Market Value of Investments (continued)

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 and (c) any accrued interest due at the date of the valuation. As at November 18, 2022, the market value of the Company's convertible debt investments is as follows:

<i>As at November 18, 2022</i>	Principal Amounts Outstanding	Current Value	Value Increase Over Principal Amounts
NexGen Energy Ltd.	\$15,000,000	\$41,118,509	\$26,118,509
IsoEnergy Ltd.	\$6,000,000	\$26,067,931	\$20,067,931
Adriatic Metals Plc	\$20,000,000	\$26,937,137	\$6,937,137
Contango ORE, Inc.	\$20,000,000	\$26,527,835	\$6,527,835
Challenger Exploration Ltd.	\$15,000,000	\$21,469,060	\$6,469,060
Los Andes Copper Ltd ⁽¹⁾	\$14,000,000 ⁽¹⁾	\$21,694,345	\$7,694,345

(1) Several convertible debentures issued on various dates

Results for the three months and year ended August 31, 2022

Overall Performance

	Three Months Ended August 31, 2022	Three Months Ended August 31, 2021	Year Ended August 31, 2022	Year Ended August 31, 2021
	\$	\$	\$	\$
Interest income	1,555,563	932,717	4,619,146	3,015,434
Establishment fee income	-	150,000	720,000	750,000
Realized gain on equity investments	-	745,459	322,400	745,459
Unrealized (loss) gain on equity and other investments	(4,954,641)	(2,424,708)	(904,006)	32,222,421
Unrealized gain on convertible debentures	4,537,487	1,780,948	3,740,190	34,658,416
Income from Investments	1,138,409	1,184,416	8,497,730	71,391,730

Interest income from investments during the three months and year ended August 31, 2022 of \$1,555,563 and \$4,619,146 respectively represents the interest income earned on the convertible debentures portfolio listed above. Interest income from investments during the three months and year ended August 31, 2021 of \$932,717 and \$3,015,434 respectively represents the interest income on the convertible debentures portfolio listed above.

Establishment fee income during the three months ended August 31, 2022 was nil. Establishment fee income during the three months ended August 31, 2021 of \$150,000 represents the establishment fee earned on Los Andes (June 2021) convertible debenture. Establishment fee income in the year ended August 31, 2022 of \$720,000 represents the establishment fees earned on the Contango and Los Andes (April 2022) convertible debentures. Establishment fee income in the year ended August 31, 2021 of \$750,000 represents the establishment fees earned on the Adriatic and Los Andes (June 2021) convertible debentures.

Results for the three months and year ended August 31, 2022 (continued)

Overall Performance (continued)

Realized gain on equity investments during the three months ended August 31, 2022 and August 31, 2021 of \$nil and \$745,459 respectively and the year ended August 31, 2022 and August 31, 2021 of \$322,400 and \$745,459 respectively arise from the sale of equity investments.

Unrealized loss on equity and other investments during the three months ended August 31, 2022 of \$4,954,641 mainly represents losses arising from the decreases in the share price of NexGen. Unrealized loss on equity and other investments during the year ended August 31, 2022 of \$904,006 mainly represents gains arising from the increase in the share price of Osisko Green offset by losses on the investment in NexGen.

Unrealized loss on equity investments during the three months ended August 31, 2021 of \$2,424,708 mainly represents losses arising from the investment in NexGen due to decreases in the share price of NexGen. Unrealized gain on equity investments during the year ended August 31, 2021 of \$32,222,421 mainly represents gains arising from the investment in NexGen due to increase in the share price of NexGen.

Unrealized gain on convertible debentures during the three months ended August 31, 2022 of \$4,537,487 mainly represents increases in the fair value of the debentures in IsoEnergy partially offset by decreases in the fair value of the debentures in NexGen and Los Andes. Unrealized gain on convertible debentures during the year ended August 31, 2022 of \$3,740,190 mainly represents increases in the fair value of the debentures in IsoEnergy and Los Andes partially offset by decreases in the fair value of the debentures in Adriatic, Contango and NexGen.

Unrealized gain on convertible debentures during the three months August 31, 2021 of \$1,780,948 mainly represent increases in the fair value of the Adriatic debenture. Unrealised gain on convertible debentures during the year ended August 31, 2021 of \$34,658,416 represents increases in the fair value of the NexGen, IsoEnergy and Adriatic debentures.

Investments at Fair Value

As at August 31, 2022, the Company had the following investments:

	Fair Value at August 31, 2022
	\$
Equity and other investments of Public Companies:	
NexGen Energy Ltd.	51,645,722
Osisko Green Acquisition Ltd.	14,957,824
Equity and other investments held for investment purposes	11,982,934
Convertible Debentures:	
NexGen Energy Ltd.	38,766,622
IsoEnergy Ltd.	30,908,072
Adriatic Metals PLC	19,305,637
Contango ORE, Inc.	18,327,105
Los Andes Copper Ltd ⁽¹⁾	10,857,271
Total	196,751,187

(1) Several convertible debentures issued on various dates

Fair Value of equity investments is calculated based on the closing market price of the relevant equity investment. Fair value of the convertible debentures is calculated using a valuation model of a system of two coupled Black Scholes equations and partial differential equations that are solved simultaneously using finite-difference methods. The fair value is for accounting purposes only. The Company's market value of these investments is detailed in the section above titled **Market Value of Investments**. Management believe that the market value of the investments provides a useful indication of the underlying value of the investment portfolio, particularly for the convertible debentures which are stated without the discount applied to volatility required to equate the initial valuation to the fair value of consideration exchanged in accordance with IFRS.

The reconciliation of the fair value of investments, the most directly comparable financial measure from the consolidated financial statements, to the market value of investments is set out below:

	August 31, 2022	August 31, 2021
	\$	\$
Fair value at the end of the year:	196,751,187	146,395,500
Equity and other investments – difference in assumptions on unlisted investments	788,949	-
Convertible debentures - difference in volatility assumptions due to initial calibration of fair value with purchase price under IFRS	16,612,397	8,586,504
Convertible debentures – difference in models used	5,161,008	2,536,033
Market value at the end of the year	219,313,541	157,518,037
Equity and other investments – update of market value to date of report	(2,844,322)	4,156,058
Equity and other investments – new investments at market value	388,645	20,866,395
Equity and other investments – disposals	(1,309,922)	-
Convertible debentures –update of market value to date of report	(5,014,030)	16,269,542
Convertible debentures – new investments at market value	28,890,734	-
Market value of investments at date of the report	239,424,646	198,810,032

Investments at Fair Value (continued)

The continuity of the Company's investments during the year ended August 31, 2022 is as follows:

	August 31, 2021	Additions	Net Proceeds From Disposition	Realized Gains	Unrealized Gains	August 31, 2022
	\$	\$	\$	\$	\$	\$
Equity and other investments	55,970,983	23,787,969	(590,866)	322,400	(904,006)	78,586,480
Convertible debentures	90,424,517	24,000,000	-	-	3,740,190	118,164,707
Total	146,395,500	47,787,969	(590,866)	322,400	2,836,184	196,751,187

Selected Annual Information

The following table provides a summary of the Company's financial results. For more details, please refer to the audited annual consolidated financial statements.

	Year ended August 31, 2022	Year ended August 31, 2021	Year ended August 31, 2020
	\$	\$	\$
Income from investments	8,497,730	71,391,730	17,142,576
(Loss) Income for the year	(3,482,448)	67,024,933	5,112,147
Basic (loss) income per share	(0.01)	0.24	0.03
Diluted (loss) income per share	(0.01)	0.23	0.03
Total assets	232,574,253	149,224,629	80,053,613

Summary of Quarterly Results

Quarter Ended	Total Assets	Income (Loss) From Investments	Net (Loss) Income	Net (Loss) Income Per Share Basic	Net (Loss) Income Per Share Diluted
	\$	\$	\$	\$	\$
31-08-2022	232,574,253	1,138,409	(2,650,137)	(0.01)	(0.01)
31-05-2022	233,522,989	(17,289,674)	(18,883,882)	(0.04)	(0.04)
28-02-2022	267,997,472	10,098,105	4,164,965	0.01	0.01
30-11-2021	180,563,770	14,550,890	13,886,606	0.05	0.05
31-08-2021	149,224,629	1,184,415	659,957	0.00	0.00
31-05-2021	148,620,043	27,518,563	27,140,343	0.10	0.09
28-02-2021	121,465,466	44,834,789	43,906,253	0.16	0.15
30-11-2020	77,678,600	(2,146,038)	(4,681,622)	(0.02)	(0.02)

The Company's performance and results are not expected to be subject to seasonal variations.

Income from Investments in the three months ended August 31, 2022 was principally attributable to interest earned on convertible debentures, with unrealized gain on investments on convertible debentures in IsoEnergy offset by unrealized loss on equity and other investments in NexGen due to the change in the underlying share price and Osisko Green due to the higher discount rate on unlisted investments.

Summary of Quarterly Results (continued)

Loss from Investments during the three months ended May 31, 2022 was principally attributed to unrealized loss on convertible debentures in IsoEnergy and NexGen combined with unrealized loss on equity investments in NexGen due to the change in the underlying share price.

Income from Investments during the three months ended February 28, 2022 was principally attributed to unrealized gain on equity investments in NexGen due to the change in the underlying share price. Income from Investments during the three months ended November 30, 2021 was principally attributable to unrealized gain on convertible debenture investments in IsoEnergy combined with unrealized gain on the equity investment in Osisko Green.

Income from Investments in the three months ended August 31, 2021 was principally attributable to unrealized gain on convertible debentures investments in Adriatic combined with interest income earned on convertible debenture investments partially offset by unrealized loss on equity investments in NexGen due to the change in the underlying share price.

Income from Investments during the three months ended May 31, 2021 and February 28, 2021, was principally attributable to unrealized gain on equity investments in NexGen shares due to the change in the underlying share prices and unrealized gain on convertible debenture investments in NexGen, IsoEnergy and Adriatic.

Loss from Investments during the three months ended November 30, 2020, was principally attributable to unrealized loss on equity investments in NexGen due to the change in the underlying share price.

Net loss during the three months ended August 31, 2022 was due to operating expenses. Net loss during the three months ended May 31, 2022 and November 30, 2020 was due unrealized loss on investments and operating expenses.

Net income during the three months ended February 28, 2022, November 30, 2021, August 31, 2021, May 31, 2021, February 28, 2021, and August 31, 2020, is attributable to Income from Investments less operating expenses.

Results of Operations

Income from Investments for the Fourth Quarter and Year Ended August 31, 2022 and August 31, 2021

	For the Three Months		For the Year ended	
	August 31, 2022	August 31, 2021	August 31, 2022	August 31, 2021
	\$	\$	\$	\$
Interest income	1,555,563	932,717	4,619,146	3,015,434
Establishment fee income	-	150,000	720,000	750,000
Realized gain from investments	-	745,459	322,400	745,459
Unrealized gain (loss) from investments	(417,154)	(643,760)	2,836,184	66,880,837
	1,138,409	1,184,416	8,497,730	71,391,730

During the three months ended August 31, 2022, the Company recorded income from investments of \$1,138,409 compared to income from investments in the three months ended August 31, 2021 of \$1,184,416. The decrease for the three months ended August 31, 2022 compared to the prior period was mainly due to an increase in interest income as a result of more investments in convertible debentures and a lower unrealized loss on investments, which was primality attributable to the relatively higher increase in the share prices of the investments between the corresponding periods. This was partially offset by establishment fee income and realised gain from investments in the three months to August 31, 2021 compared to nil in the three months to August 31, 2022.

During the year ended August 31, 2022, the Company recorded income from investments of \$8,497,730 compared to income in the year ended August 31, 2021 of \$71,391,730. The decrease for the year ended August 31, 2022 compared to the prior period was mainly due to lower unrealized gain from investments, which was primarily attributable to the relatively lower increase in the share prices of the investments between the corresponding periods, combined with lower realised gain from investments, as a result of reduced sales of equity investments and lower establishment fees, due to the principal value of investments made compared to the corresponding period. The decrease was partially offset by higher interest income, as a result of more investments in convertible debentures compared to the corresponding period.

Interest income for the three months and year ended August 31, 2022 of \$1,555,563 and \$4,619,146 respectively compared to \$932,717 and \$3,015,434 in the three months and year ended August 31, 2021. The Company primarily earned interest income on its convertible debenture securities. The increase for the three months and year ended August 31, 2022 compared to the prior period was due to the purchase of additional investments in convertible debentures generating increased interest income.

There was no establishment fee income in the three months ended August 31, 2022 compared to \$150,000 in the three months ended August 31, 2021. Establishment fee income for the year ended August 31, 2022 of \$720,000 compared to \$750,000 for the year ended August 31, 2021. The income in 2022 was a 3% establishment fee on the principal amounts of \$20m Contango and \$4m Los Andes convertible debentures. The income in 2021 was a 3% establishment fee on the principal amount of \$20m Adriatic and \$5m Los Andes convertible debentures.

Results of Operations (continued)

Income from Investments for the Fourth Quarter and Year Ended August 31, 2022 and August 31, 2021 (continued)

There was no realized gain from investments in the three months ended August 31, 2022 compared to \$745,459 in the three months ended August 31, 2021. Realized gain from investments for the year ended August 31, 2022 was \$322,400 compared to \$745,459 in the year ended August 31, 2021. The income reflected is gain from the sale of equity investments. The gain reflects the number equity investments sold and the individual share price at the time of sale compared to the carrying value of the investments at the beginning of the financial year.

Unrealized gain from investments for the three months ended August 31, 2022 of \$502,584 compared to an unrealized loss from investments for the three months ended August 31, 2021 of \$643,760. The unrealized gain in the three months ended August 31, 2022 was mainly attributable to an increase in the fair value of some of the convertible debenture securities partially offset by a decrease in the value of some of the investments in equities of public companies owned by the Company, due to a decrease in the underlying share prices of some of the investments held. The share price of some of the underlying issuers increased between the start and end of the three months ended August 31, 2022 compared to an decrease in the corresponding period resulting in an unrealized gain compared to an unrealized loss in the corresponding period.

Unrealised gain for the year ended August 31, 2022 of \$3,755,922 compared to an unrealised gain of \$66,880,837 for the year ended for August 31, 2021. The reduction in the unrealized gain in the year ended August 31, 2022 was mainly attributable to a decrease in the value of some of the investments in equities of public companies owned by the Company, due to a decrease in the underlying share prices of the investments, combined with a decrease in the fair value of some of the convertible debenture securities. The share price of the some of the underlying issuers decreased between the start and end of the year ended August 31, 2022 compared to an increase in the corresponding period resulting in an unrealized loss compared to an unrealized gain in the corresponding period. In addition, the increase in the share price of the some underlying issuers was lower in the year ended August 31, 2022 compared to the corresponding period resulting in a lower unrealized gain in the year ended August 31, 2022 compared to the corresponding period. The amount of gain or loss from investments in future quarters will depend on the share price, volatility of the stock, remaining life of the debentures and credit adjusted interest rate during such quarters.

Operating Expenses for the Fourth Quarter ended August 31, 2022 and August 31, 2021

	August 31, 2022	August 31, 2021	Increase (decrease) expenses (Increase) decrease gain
	\$	\$	\$
Consulting	2,332	2,400	(68)
Depreciation	46,661	-	46,661
Directors' fees	17,875	18,555	(680)
Foreign exchange loss	898,909	11,589	887,320
Interest expense on lease liabilities	6,292	-	6,292
Management fees	986,333	175,833	810,500
Office & administration	64,639	62,256	2,383
Office rent	8,817	91,778	(82,961)
Professional fees	256,150	186,511	69,639
Regulatory fees and transfer agent fees	159,301	(30,084)	189,385
Share-based compensation	1,310,442	-	1,310,442
Travel	30,795	5,620	25,175
	3,788,546	524,458	3,264,088

Significant changes for the three months ended August 31, 2022 compared to August 31, 2021 are as follows:

- Depreciation increased \$46,661 due to monthly depreciation a right-of-use asset recognised as the Company entered a lease for the office commencing on April 1, 2022.
- Foreign exchange loss increased \$887,320 mainly due the impact of the C\$/ \$ rate fluctuation on Canadian dollar cash raised in a private placement by the Company in February 2022 less amounts invested subsequently. The exchange rate movement did not have a significant impact on the translation of the Canadian dollar cash balances in the prior period.
- Management fees increased \$810,500 due to an increase in the fees from January 1, 2022 and bonuses.
- Office rent decreased by \$82,961 due to the Company entering a lease for the office, with the costs reflected as depreciation on the right-of-use asset and interest expense on the lease liabilities from April 1, 2022.
- Professional fees increased \$69,639 mainly due to increased corporate activities.
- Regulatory and transfer agent fees increased \$189,385 mainly due to the fees for the listing on the TSX in July 2022.
- Share-based payments increased \$1,310,442 due to timing of vesting of stock options granted to executives, directors and consultants.

Operating Expenses for the year ended August 31, 2022 and August 31, 2021

	August 31, 2022	August 31, 2021	Increase (decrease) expenses (Increase) decrease gain
	\$	\$	\$
Consulting	9,432	42,522	(33,090)
Depreciation	77,768	-	77,768
Directors' fees	65,125	79,319	(14,194)
Foreign exchange loss (gain)	365,817	(25,485)	391,302
Interest expense and financing costs	671,805	-	671,805
Interest on lease liabilities	10,719	-	10,719
Management fees	2,081,333	690,143	1,391,190
Office & administration	241,348	163,066	78,282
Office rent	230,233	371,188	(140,955)
Office renovation costs	-	122,154	(122,154)
Professional fees	412,948	357,593	55,355
Regulatory fees and transfer agent fees	222,787	123,198	99,589
Share-based compensation	7,532,046	2,448,605	5,083,441
Travel	58,817	13,750	45,067
	11,980,178	4,386,053	7,594,125

Significant changes for the year ended August 31, 2022 compared to August 31, 2021 are as follows:

- Consulting expenses decreased \$33,090 as fewer independent consultants were hired to assist the Company.
- Depreciation increased \$77,768 due to monthly depreciation on a right-of-use asset recognised as the Company entered a lease for the office commencing on April 1, 2022.
- Foreign exchange loss of \$365,817 compared to a gain of \$25,485 in the prior period was due to mainly due to the impact of the CA/US rate fluctuation on a Canadian dollar cash raised in a private placement by the Company in February 2022 together with a foreign exchange gain on a Canadian dollar bank loan repaid in the period. The exchange rate movement did not have a significant impact on the retranslation of the Canadian dollar cash balances in the prior period.
- Interest expense and financing costs increased \$671,805 due to the drawdown of a secured bank loan on September 1, 2021. The loan and all accrued interest due were repaid in March 2022.
- Management fees increased \$1,391,190 due to additional staff, an increase in the fees from January 1, 2022 and management bonuses.
- Office & administration increased \$78,282 mainly due to higher costs from increased activity.
- Office rent decreased by \$140,955 due to the Company entering a lease for the office, with the costs reflected as depreciation on the right-of-use asset and interest expense on the lease liabilities from April 1, 2022.
- Office renovation costs decreased \$122,154 due to one-time expenses related to renovating the office in Hong Kong in 2021.
- Professional fees increased \$55,355 mainly due to increased corporate activities.
- Regulatory and transfer agent fees increased \$99,589 mainly due to the fees for the listing on the TSX in July 2022.

Operating Expenses for the year ended August 31, 2022 and August 31, 2021 (continued)

- Share-based payments increased \$5,083,441 due to timing of vesting of stock options granted to executives, directors and consultants.
- Travel increased \$45,067 due to more business travel.

Liquidity & Capital Resources

Cash Flows

<u>Year ended</u>	<u>August 31, 2022</u>	<u>August 31, 2021</u>
	\$	\$
Operating activities	637,695	627,693
Financing activities	77,675,653	-
Investing activities	(45,614,251)	(23,565,427)
<u>Change in cash during the nine months</u>	<u>32,699,097</u>	<u>(22,937,734)</u>

Cash provided by operating activities for the year ended August 31, 2022 was \$637,695 (August 31, 2021 - \$627,693). The cash provided operating activities for the year ended August 31, 2022 consists primarily net loss of \$2,562,710 (August 31, 2021- net income \$67,024,933) adjusted for items not affecting cash, interest income received and interest expenses paid and changes in working capital.

Significant items not affecting cash for the year ended August 31, 2022 were unrealized gain on investments of \$3,755,922 (August 31, 2021 - \$66,880,837); share-based compensation of \$7,532,046 (August 31, 2021 - \$2,448,605); establishment fee income of \$720,000 (August 31, 2021 - nil); realized gain on investments of \$322,400 (August 31, 2021 - \$745,459) and depreciation of \$77,768 (August 31, 2021 - nil).

Interest income recorded on convertible debentures of \$4,421,222 (August 31, 2021 - \$3,008,889) was adjusted to reflect interest received in cash on convertible debentures of \$3,558,370 (August 31, 2021 - \$2,117,667). Interest expenses and financing costs on bank loans of \$671,805 (August 31, 2021 - nil) was adjusted to reflect interest paid of \$434,107 (August 2021 - nil). There was a decrease in net working capital items during the year ended August 31, 2022 of \$666,294 (August 31, 2021 - increase of \$306,277).

Financing activities for the year ended August 31, 2022 was \$77,675,653 (August 31, 2021 - nil). The cash provided by financing activities for the year ended August 31, 2022 consists of net proceeds from the issue of common shares by private placement \$78,231,983, the issue of common shares on the exercise of stock options \$1,942,920 and a secured bank loan, net of costs, of \$16,419,502. These funds were reduced by the repayment of the secured bank loan of \$16,657,200; the purchase of common shares held in treasury of \$1,316,378; a cash dividend of \$882,672 and payment of lease liabilities of \$62,502.

Investing activities for the year ended August 31, 2022 was \$45,614,251 (August 31, 2021 - \$23,565,427). The cash used in investing activities for the year ended August 31, 2022 was for investments of \$46,205,117 (August 31, 2021 - \$25,000,000), less the net proceeds from the sale of equity investments of \$590,866 (August 31, 2021 - \$1,434,573).

Capital Resources & Liquidity Risk

The Company's cash position at August 31, 2022 was \$34,508,794 (August 31, 2021 - \$2,158,142) and the Company's working capital was \$34,159,865 (August 31, 2021 - \$2,656,417). The Company has long-term lease liabilities of \$315,843 (August 31, 2021 – nil).

As at August 31, 2022, the Company believes there is sufficient working capital available to meet its current operational requirements. The Company may raise more capital for investment allocation from time to time.

Future Accounting Policy Changes

A number of new standards, amendments to standards and interpretations are not yet effective as of the date of this report, and were not applied in preparing the consolidated financial statements. None of these are expected to have a material effect on the Company's consolidated financial statements.

Significant Accounting Policies

The financial information presented in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company's management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, and expense. Actual amounts incurred by the Company may differ from these values.

The Company's significant accounting policies applied judgements and estimates are set out in the notes 2 and 3 of the audited annual consolidated financial statements for the year ended August 31, 2022. IFRS 16 "Leases" was adopted in the three and year ended August 31, 2022 to account for a lease arrangement entered into by the Company.

Significant Judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the accounting policies in the Company's annual consolidated financial statements include the valuation of investments.

Capital Commitments

The Company has no capital commitments.

Off Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Outstanding Share Data

The Company has the following common shares and stock options, outstanding as August 31, 2022 and August 31, 2021 and the date of this report.

Common Shares

The Company's authorized capital consists of 5,000,000,000 common shares with a par value of C\$0.001 each.

As at August 31, 2022, there were 445,895,954 issued common shares (August 31, 2021 - 277,252,651 shares). As at the date of this report, there were 452,266,991 issued common shares. As at August 31, 2022 the Company has purchased 2,339,578 common shares, which are held in treasury (August 31, 2021 - nil). As at November 18, 2022, the Company has purchased 3,440,194 common shares, 179,500 shares are held in treasury and 3,260,694 shares have been cancelled.

Stock Options

As at August 31, 2022 and the date of this report, there were 38,650,000 stock options outstanding with a weighted average price of C\$0.61 and 20,900,000 stock options exercisable, with a weighted-average exercise price of C\$0.59. As at August 31, 2021 there were 11,150,000 stock options outstanding and exercisable, with a weighted-average exercise price of C\$0.30.

Controls and Procedures

As of August 31, 2022, an evaluation was carried out on the effectiveness of QRC's disclosure controls and procedures. Based on that evaluation, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have certified that the design and operating effectiveness of QRC's disclosure controls and procedures were effective.

As at August 31, 2022, an evaluation was carried out on the effectiveness on internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. Based on that evaluation, the CEO and CFO have certified that the design and operating effectiveness of internal controls over financial reporting were effective.

These evaluations were conducted using the framework and criteria established in accordance with Internal Controls – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Audit Committee assists the CEO and CFO in their responsibilities. Management's evaluation of controls can only provide reasonable, not absolute, assurance that all control issues that may result in material misstatement, if any, have been detected.