Consolidated Financial Statements
(Expressed in United States dollars)

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

For the Years Ended

August 31, 2024 and 2023

KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Queen's Road Capital Investment Ltd.

Opinion

We have audited the consolidated financial statements of Queen's Road Capital Investment Ltd. ("the Entity"), which comprise:

- the consolidated statements of financial position as at August 31, 2024 and August 31, 2023;
- the consolidated statements of Income and Comprehensive Income for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- and notes to the consolidated financial statements, including a summary of material accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at August 31, 2024 and August 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended August 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Assessment of the measurement of certain investments at fair value

Description of the matter

We draw attention to Notes 2(d) and 5 to the financial statements. The Entity records investments in convertible debentures at their fair value of $187,724,681. In determining the fair value of investments in convertible debentures, the Entity uses a valuation model based on Black-Scholes option pricing and differential equations. The significant assumptions used in the valuation model include expected price volatility, credit spread and share price for unlisted issuers.

Why the matter is a key audit matter

We identified the assessment of the fair value measurement of investments in convertible debentures as a key audit matter. This matter represented an area of significant risk of material misstatement due to the high degree of estimation uncertainty. Significant auditor judgment and specialized skills and knowledge were required in evaluating the results of our audit procedures due to the sensitivity of the fair value measurement of investments in convertible debentures to changes in certain significant assumptions.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We involved Valuation Specialists with specialized skills and knowledge, who assisted in evaluating the appropriateness of the significant assumptions used in the fair value measurement of investments in convertible debentures. Our Valuation Specialists evaluated the expected price volatility and credit spread by comparing them against expected price volatility and credit spread ranges that were independently developed using publicly available market data for comparable peers. We compared the share price for unlisted issuers against third party evidence and recent share issuances of the unlisted issuers.

Other Information

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditor's report is Jonathan H.F. Wong.

Vancouver, Canada
November 15, 2024

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

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

As at August 31, 2024 and 2023

	Notes	2024	2023
Assets			
Current assets:			
Cash and cash equivalents		$ 1,093,963	$ 14,745,031
Prepaids and deposits		126,154	115,585
Receivables	4	2,195,570	1,485,470
		3,415,687	16,346,086
Non-current assets:			
Investments	5	279,331,580	220,599,252
Right-of-use assets		108,875	295,517
		279,440,455	220,894,769
		$ 282,856,142	$ 237,240,855
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	7	$ 1,105,725	$ 976,655
Borrowings	9	31,625,817	-
Lease liabilities		126,685	190,095
		32,858,227	1,166,750
Non-current liabilities:			
Long-term lease liabilities		-	125,996
		32,858,227	1,292,746
Shareholders' equity:			
Share capital		177,327,435	174,778,615
Reserve		19,651,119	19,651,119
Retained earnings		53,019,361	41,518,375
		249,997,915	235,948,109
		$ 282,856,142	$ 237,240,855

Subsequent events 18

See accompanying notes to these consolidated financial statements.

Approved on behalf of the Board:

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

QUEEN’S ROAD CAPITAL INVESTMENT LTD.

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

Years ended August 31, 2024 and 2023

	Notes	2024	2023
Income from investments:			
Interest and other income	5	$ 14,453,437	$ 8,680,619
Establishment fee income	5	3,600,000	720,000
Realized gain from investments	5	5,757,924	594,325
Unrealized (loss) gain from investments	5	(614,122)	297,877
Total income from investments		23,197,239	10,292,821
Operating expenses:			
Business development and marketing		371,688	430,228
Depreciation		186,642	186,642
Foreign exchange loss		91,672	181,247
Management and director fees	8	1,914,000	1,771,000
Office and administration		287,138	241,822
Professional and regulatory fees		475,554	415,676
Share-based compensation	10	-	2,578,152
Total operating expenses		3,326,694	5,804,767
Income before income taxes and interest expense		19,870,545	4,488,054
Interest expense	6	1,807,345	19,369
Income before income taxes		18,063,200	4,468,685
Income taxes	14	27,809	125,622
Net income and comprehensive income		$ 18,035,391	$ 4,343,063
Net income per common share:			
Basic	11	$ 0.04	$ 0.01
Diluted	11	0.04	0.01
Weighted average number of common shares - basic	11	455,012,083	449,617,545
Weighted average number of common shares - diluted	11	493,537,356	488,267,545

See accompanying notes to these consolidated financial statements.

QUEEN’S ROAD CAPITAL INVESTMENT LTD.

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

Years ended August 31, 2024 and 2023

	Notes	Issued number of shares	Share capital	Treasury shares	Reserves	Retained earnings	Shareholders’ equity
Balance, August 31, 2023		450,356,514	$ 174,778,615	$ -	$ 19,651,119	$ 41,518,375	$ 235,948,109
Shares issued - dividend reinvestment plan	10(a)	6,652,960	3,143,856	-	-	(3,143,856)	-
Shares purchased	10(a)	-	-	(911,132)	-	-	(911,132)
Shares canceled	10(a)	(1,523,978)	(595,036)	911,132	-	(316,096)	-
Dividend - paid in cash	10(e)	-	-	-	-	(3,074,453)	(3,074,453)
Net income		-	-	-	-	18,035,391	18,035,391
Balance, August 31, 2024		455,485,496	$ 177,327,435	$ -	$ 19,651,119	$ 53,019,361	$ 249,997,915
Balance, August 31, 2022		445,895,954	$ 171,700,469	$ (1,316,378)	$ 17,072,967	$ 43,620,310	$ 231,077,368
Shares issued - dividend reinvestment plan	10(a)	9,631,732	5,078,194	-	-	(5,078,194)	-
Shares purchased	10(a)	-	-	(1,481,101)	-	-	(1,481,101)
Shares canceled	10(a)	(5,171,172)	(2,000,048)	2,797,479	-	(797,431)	-
Share-based compensation	10(c)	-	-	-	2,578,152	-	2,578,152
Dividend - paid in cash	10(e)	-	-	-	-	(569,373)	(569,373)
Net income		-	-	-	-	4,343,063	4,343,063
Balance, August 31, 2023		450,356,514	$ 174,778,615	$ -	$ 19,651,119	$ 41,518,375	$ 235,948,109

See accompanying notes to these consolidated financial statements.

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

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

Years ended August 31, 2024 and 2023

	Notes	2024	2023
Cash flows provided by (used in):			
Operating activities:			
Net income		$ 18,035,391	$ 4,343,063
Items not affecting cash:			
Interest income on convertible debentures	5(d)	(14,224,097)	(7,843,177)
Establishment fee income	5(d)	(2,100,000)	(450,000)
Realized gain on investments	5	(5,757,924)	(594,325)
Unrealized loss (gain) on investments	5	614,122	(297,877)
Depreciation		186,642	186,642
Interest expense and financing costs	6	1,796,991	-
Interest expense on lease liabilities	6	10,354	19,369
Share-based compensation	10(c)	-	2,578,152
Income tax expense	14	27,809	125,622
Unrealized foreign exchange loss		4,347	126,259
Interest received on convertible debentures	5(d)	9,494,263	5,880,077
Interest expense paid on loans	9	(1,318,599)	-
Interest expense paid on lease liabilities		(10,354)	(19,369)
Income taxes paid		(116,854)	(8,768)
		6,642,091	4,045,668
Changes in working capital items:			
Other receivables		505,865	(406,365)
Prepaid expenses and advances		(10,569)	(4,430)
Accounts payable and accrued liabilities		101,261	(23,477)
Cash flows provided by operating activities		7,238,648	3,611,396
Financing activities:			
Common shares purchased	10(a)	(911,132)	(1,481,101)
Dividends paid	10(e)	(3,074,453)	(569,373)
Payment of lease liabilities		(190,600)	(181,272)
Borrowings, net of transaction costs	9	67,774,836	-
Borrowings repaid	9	(36,627,411)	-
Cash flows provided by (used in) financing activities		26,971,240	(2,231,746)
Investing activities:			
Acquisition of investments	5	(120,000,000)	(25,000,000)
Proceeds from sale of equity and other investments	5	72,142,193	3,982,237
Cash flows used in investing activities		(47,857,807)	(21,017,763)
Decrease in cash		(13,647,919)	(19,638,113)
Cash, beginning of the year		14,745,031	34,508,794
Effect of currency translation on cash		(3,149)	(125,650)
Cash, end of the year		$ 1,093,963	$ 14,745,031

Supplemental disclosure with respect to cash flows 15

See accompanying notes to these consolidated financial statements.

1. Reporting entity and nature of operations:

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

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

2. Basis of presentation:

(a) Statement of compliance:

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards.

These consolidated financial statements were authorized for issue by the Board of Directors of the Company on November 15, 2024.

(b) Basis of presentation:

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

(c) Material accounting estimates and assumptions:

The preparation of these consolidated financial statements in accordance with IFRS Accounting Standards requires management to make estimates and assumptions that effect the reported amounts of assets, liabilities, and contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The Company’s management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurement for financial instruments and share-based compensation.

2. Basis of presentation (continued):

(d) Significant judgments:

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

(*i*) Valuation of investments:

The Company's investments are measured at fair value in accordance with IFRS 13, *Fair Value Measurement*.

Publicly traded securities are valued at the close price on the recognized stock exchange on which the securities are listed or principally traded, provided the close price is within the bid-ask spread. Securities which are listed on a stock exchange or traded over-the-counter and which are subject to a hold period or other trading restrictions are valued as described above, with an appropriate discount as determined by management to reflect the restrictions. Equity and other investments which are not traded on a stock exchange are valued at the closing price of an equivalent traded instrument, with an appropriate discount as determined by management to reflect the difference in liquidity or the different nature of the investment. If there are no equivalent traded instruments, relevant third-party information or other valuation methods are used to determine an appropriate closing price, with an appropriate discount as determined by management to reflect the difference in liquidity.

Convertible debentures issued by companies are measured at initial recognition at the transaction price, being the fair value of the consideration given or received. If it is determined that the fair value at initial recognition, as evidenced by a quoted price in an active market or a quoted price for an identical instrument or based on a valuation technique that uses only data from observable markets for listed companies, differs from the transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss.

In all other cases, the difference between fair value at initial recognition and transaction price is deferred. After initial recognition, the deferred difference is recognized as a gain or loss only to the extent that it arises from a change in a factor, including time, that a market participant would take into consideration when pricing the instrument.

2. Basis of presentation (continued):

(d) Significant judgements (continued):

(i) Valuation of investments (continued):

Judgment is required in order to determine the appropriate valuation methodology and, determining the assumptions such as expected price volatility, credit spread and underlying share price for unlisted investee companies utilized in determining the fair value of convertible debentures. Inputs to the valuation such as expected life, risk free rate, underlying share price of listed investee companies, conversion price and exchange rates do not require significant application of judgement. In making estimates and judgments, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. These estimates have been applied in a consistent manner and there are no known trends, commitments, events, or uncertainties that the Company believes will materially affect the methodology or assumptions utilized in making these estimates in these consolidated financial statements. The Company takes the risk of its counterparties into account in determining the fair value of these financial assets. Management has reviewed its policies concerning valuation of assets and believes that the fair values ascribed to these financial assets in the Company's consolidated financial statements incorporate appropriate levels of credit risk.

Accordingly, actual values realized in future market transactions may differ from the estimates presented in these consolidated financial statements and the differences may be material. The use of different market assumptions and/or valuation methodologies may have a material effect on the estimated fair values.

3. Material accounting policies:

The Company has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, unless mentioned otherwise. The Company adopted *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* from January 1, 2023. The amendments require the disclosure of 'material', rather than significant, accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in this note in certain instances (see note 3(j) for further information).

3. Material accounting policies (continued):

The material accounting policies of these consolidated financial statements are set out below.

(a) Consolidation:

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, QRC Nexgen Investment Ltd. ("QRC Nexgen"), which was incorporated on July 12, 2021. The financial results of QRC Nexgen are included in these consolidated financial statements from the date of incorporation. All transactions and intercompany balances are eliminated on consolidation.

(b) Functional and presentation currency:

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiary is the United States dollar, which is also the presentation currency of the Company and the consolidated financial statements. The functional currency determinations were conducted through an analysis of the consideration factors identified in IFRS Accounting Standards.

(c) Foreign currency translation:

Foreign currency transactions are translated into the functional currency using the exchange rate in effect at the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated to their United States dollar equivalents using foreign exchange rates prevailing at the reporting date. Non-monetary assets and liabilities are translated using foreign exchange rates prevailing at the date of the transaction.

Exchange gains or losses arising on the translation of monetary items are recognized in the consolidated statements of income in the period in which they arise.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss shall be recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in net income, any exchange component of that gain or loss shall be recognized in net income.

(d) Investment income:

The Company's investment income includes:

- interest income on convertible debentures;
- interest income on cash and cash equivalents;
- dividend income;
- establishment fee income; and
- gain and loss on investments.

3. Material accounting policies (continued):

(d) Investment income (continued):

Interest income on convertible debentures is recognized under the effective interest method. Interest income on cash and cash equivalents is recognized on an accruals basis in the period in which it accrues. Dividend income and establishment fees are recognized in the profit or loss on the date on which the Company's right to receive payments is established. The net gain or loss on investments classified as financial assets and recorded at fair value is recognized through the profit and loss in accordance with note 3(e).

The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the convertible debenture to the gross carrying amount of the financial asset.

(e) Financial instruments:

Financial assets:

IFRS 9, *Financial instruments*, establishes three primary measurement categories for financial assets: amortized cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVTOCI"). The basis for classification depends on the entity's business model and the contractual cash flow characteristics of the instrument.

(*i*) Recognition and measurement of financial assets:

A financial asset is measured initially at fair value less, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified and measured at amortized cost, FVTOCI or FVTPL. Regular-way purchases and sales of financial assets are recognized on the trade date.

(*ii*) Classification of financial assets:

(A) Financial assets measured at amortized cost:

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.

- The Company's business model for such financial assets, is to hold the assets in order to collect contractual cash flows.

(B) Financial assets measured at FVTPL:

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with changes in fair value therein, recognized in net income. All financial assets not classified and measured at amortized cost or FVTOCI are measured at FVTPL.

3. Material accounting policies (continued):

(e) Financial instruments (continued):

Financial assets (continued):

(ii) Classification of financial assets (continued):

(C) Financial assets measured at FVTOCI:

For financial assets that are equity instruments, the Company can make an irrevocable election at initial recognition to classify the instruments at FVTOCI, with all subsequent changes in fair value being recognized in other comprehensive income ("OCI"). This election is available for each separate investment. Fair value changes are recognized in OCI while dividends are recognized in net income. On disposal of the investment the cumulative change in fair value is not recycled to net income, rather transferred to retained earnings. The Company does not have any financial assets designated as FVTOCI.

For a financial asset that is a debt instrument, it is classified at FVTOCI if it meets both of the following conditions and is not designated at FVTPL:

- The Company's business model for such financial assets, is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

(iii) Derecognition of financial assets:

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in net income.

Financial liabilities:

(i) Recognition and measurement of financial liabilities:

The Company recognizes financial liabilities when it becomes a party to the contractual provisions of the instruments.

3. Material accounting policies (continued):

(e) Financial instruments (continued):

Financial liabilities (continued):

(i) Recognition and measurement of financial liabilities (continued):

(A) Financial liabilities measured at amortized cost:

A financial liability at amortized cost is initially measured at fair value less transaction costs directly attributable to the issuance of the financial liability. Subsequently, the financial liability is measured at amortized cost based on the effective interest rate method.

(B) Financial liabilities measured at FVTPL:

A financial liability measured at FVTPL is initially measured at fair value with any associated transaction costs being recognized in net income when incurred. Subsequently, the financial liability is re-measured at fair value, and a gain or loss is recognized in net income in the reporting period in which it arises.

The Company does not have any liabilities classified as financial liabilities measured at FVTPL.

(ii) Derecognition of financial liabilities:

The Company derecognizes a financial liability when the financial liability is discharged, cancelled, or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the Consolidated Statements of Income.

(f) Share capital:

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

(g) Share-based payments:

The Company makes periodic grants of share-based awards to selected directors, officers, employees, and others providing similar service.

The fair value of the equity-settled awards is determined at the date of the grant by using the Black-Scholes Option Pricing Model. At each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed.

The movement in cumulative expense is recognized in the Consolidated Statements of Income with a corresponding entry within equity, against the reserve for equity settled share-based transactions.

3. Material accounting policies (continued):

(h) Net income per share:

The basic net income per share figure has been calculated using the weighted average number of shares outstanding during the respective period.

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on net income per common share is recognized from the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period.

(i) Income taxes:

Current tax is the expected tax payable or receivable on the local taxable income or loss for the year, using local tax rates enacted or substantively enacted at the reporting date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(j) Changes in material accounting policies:

The Company adopted *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* from September 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the consolidated financial statements.

3. Material accounting policies (continued):

(j) Changes in material accounting policies (continued):

The amendments require the disclosure of ‘material’, rather than ‘significant’, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed above (2023 - Significant accounting policies) in certain instances in line with the amendments.

(k) Accounting standards adopted during the year:

Definition of Accounting Estimates (Amendments to IAS 8):

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

Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12):

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

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

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

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

3. Material accounting policies (continued):

(k) Accounting standards adopted during the year (continued):

Non-current liabilities with covenants (Amendments to IAS 1):

Beginning on September 1, 2023, the Company adopted the amendments to IAS 1, *Presentation of financial statements.* The amendments improve the information an entity provides when its right to defer settlement of a liability for at least 12-months is subject to compliance with covenants. The adoption of the amendments did not have a material impact on these consolidated financial statements.

(l) New standards, amendments, and interpretations:

Certain new standards, interpretations, amendments, and improvements to existing IFRS Accounting Standards were issued and effective for the Company for accounting periods beginning on or after September 1, 2024. The Company anticipates that the application of these standards, amendments, and interpretations in future periods, as listed below, will have no material impact on the results and financial position of the Company, except for additional disclosures:

- *Presentation and Disclosure in Financial Statements* (IFRS 18).

4. Receivables:

Receivables consist of the following:

	2024	2023
Interest receivable on convertible debentures	$ 2,195,570	$ 1,096,459
Other receivables	-	389,011
	$ 2,195,570	$ 1,485,470

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

5. Investments:

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

		2024	2023
Equity and other investments:			
NexGen Energy Ltd.[(1)]	(a)	$ 64,169,604	$ 60,565,655
Osisko Green Acquisition Ltd.	(b)	-	14,806,000
Other investments[(2)]	(c)	27,437,295	5,395,980
		91,606,899	80,767,635
Convertible debentures:	(d)		
Adriatic Metals PLC[(2)]		-	27,670,407
Challenger Gold Ltd.		10,515,199	9,463,894
Contango ORE, Inc.		17,221,601	15,096,025
Gold Royalty Corp.		28,183,548	-
IsoEnergy Ltd.		24,726,353	28,855,869
Los Andes Copper Ltd.		11,094,037	13,168,499
Moxico Resources plc		18,161,995	-
NexGen Energy Ltd.[(1)]		77,821,948	45,576,923
		187,724,681	139,831,617
		$ 279,331,580	$ 220,599,252

(1) On September 28, 2023, the Company converted the NexGen 2020 debentures into 8,663,461 common shares of NexGen at a conversion price of C$2.34 per share. On September 22, 2023, the Company purchased a new $70 million debenture issued by NexGen.

(2) On March 1, 2024, the Company converted the Adriatic debentures into 10,981,770 common shares of Adriatic at a conversion price of A$2.7976 per share.

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

5. Investments (continued):

The continuity of the Company's investments during the year ended August 31, 2024, is as follows:

	Year ended August 31, 2023	Additions [(1)]	Net proceeds from disposition [(2)]	Realized gain	Unrealized (loss) gain	Year ended August 31, 2024
Equity and other investments	$ 80,767,635	$ 83,175,418	$ (72,142,193)	$ 1,560,555	$ (1,754,516)	$ 91,606,899
Convertible debentures	139,831,617	120,000,000	(77,444,699)	4,197,369	1,140,394	187,724,681
	$ 220,599,252	$ 203,175,418	$ (149,586,892)	$ 5,757,924	$ (614,122)	$ 279,331,580

(1) Additions of equity and other investments of $83,175,418 comprise the NexGen common shares received on conversion of the NexGen 2020 debentures on September 28, 2023, $53,934,311; the Adriatic common shares received from the conversion of the Adriatic debentures on March 1, 2024, $23,510,388; investments received for the settlement of establishment fess $2,100,000 and investments received for the settlement of interest receivable $3,630,723 (note 15).

(2) Net proceeds from disposition of convertible debentures of $77,444,699 comprise $53,934,311 for the common shares received on the conversion of the NexGen 2020 debentures on September 28, 2023, and $23,510,388 for the common shares received from the conversion of the Adriatic debentures on March 1, 2024 (note 15).

The continuity of the Company's investments during the year ended August 31, 2023, is as follows:

	Year ended August 31, 2022	Additions	Net proceeds from disposition	Realized gain	Unrealized gain (loss)	Year ended August 31, 2023
Equity and other investments	$ 78,586,480	$ 2,938,100	$ (3,982,237)	$ 594,325	$ 2,630,967	$ 80,767,635
Convertible debentures	118,164,707	24,000,000	-	-	(2,333,090)	139,831,617
	$ 196,751,187	$ 26,938,100	$ (3,982,237)	$ 594,325	$ 297,877	$ 220,599,252

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

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

5. Investments (continued):

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

On May 27, 2020, the Company purchased 11,611,667 common shares of NexGen, a company related by way of two common directors, at $1.29 per share for a purchase price of $15,000,000. On September 22, 2023, the Company sold 8,700,000 common shares of NexGen to Washington H. Soul Pattinson and Company Ltd. ("WHSP") at $5.20 for a cash consideration of $45,240,000. During the year ended August 31, 2024, some of the remaining 2,911,667 common shares of NexGen were sold.

On September 28, 2023, the Company converted its existing $15,000,000 convertible debenture issued by NexGen on May 27, 2020, (the "NexGen 2020 Debentures") into 8,663,461 common shares of NexGen, at a conversion share price of C$2.34. The fair value of the conversion shares, based on the closing market price on the conversion date, was $53,934,311.

The fair value of the NexGen 10,675,128 common shares held at August 31, 2024, is $64,169,604 (2023 - $11,611,667 NexGen common shares at fair value $60,565,655). The fair value at August 31, 2024 is estimated using the closing market price (2023 - the fair value is estimated at the agreed sale price to WHSP for 8,700,000 common shares and the closing market price for the remaining shares).

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

On September 8, 2021, the Company purchased 2,000,000 Class A Restricted Voting Units for C$10.00 per unit in Osisko for a purchase price of $15,778,000. Each Class A Restricted Voting Unit comprised of one Class A Restricted Voting Share and one-half of one share purchase warrant. The Restricted Voting Units split into shares and warrants on October 18, 2021. The warrants were included under other investments held for investment purposes.

On August 31, 2023, Osisko announced that the Class A Shares would be redeemed for par value of C$10.00 on the winding up of the company.

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

(c) Other investments held for investment purposes:

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

5. Investments (continued):

(c) Other investments held for investment purposes (continued):

The estimated fair value of other equity investments at August 31, 2024, is $27,437,295 (2023 - $5,395,980).

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

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

5. Investments (continued):

(d) Investments in convertible debentures:

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

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

5. Investments (continued):

(d) Investments in convertible debentures (continued):

Notes:

(1) The convertible debentures are unsecured and rank equally in right of payment with all present and future unsecured and unsubordinated indebtedness of the issuer.

(2) The Company was paid an establishment fee equal to 3% of the principal amount of the convertible debentures on issue date, settled either in cash or common shares of the issuer.

(3) The Company is entitled to convert, from time to time prior to the maturity date, some or all of the outstanding principal amount into common shares at the conversion price.

(4) Listed entity.

(5) Unlisted entity.

(6) Issuers have certain redemption rights after the 3-anniversary of the issue date for a convertible debenture if the weighted average trading price of the relevant stock is above a pre-determined percentage of the conversion price, together with redemption rights on certain defined change of control events.

(7) *Contango*: The maturity date was extended from April 26, 2026 to May 26, 2028 and the annual coupon increased from 8.0% to 9.0% on May 17, 2023.

(8) *Gold Royalty:* The Company is entitled to convert, from time to time prior to the maturity date, some or all of the outstanding principal amount into common shares at the conversion price of $1.90. The issuer can redeem the debenture between December 15, 2026 and December 29, 2026. If the issuer gives notice of redemption during this period, the Company can exercise its right to convert some or all of the outstanding principal at a conversion price of $1.75 between December 15, 2026, to January 6, 2027. The issuer also has redemption rights on certain defined change of control events.

(9) *IsoEnergy:* The annual coupon on the $6,000,000 debenture issued in 2020 reduces from 8.5% to 7.5%, reducing the cash and common share interest from 6.0% and 2.5% to 5.0% and 2.5%, respectively, on filing of an economically positive preliminary assessment compliant with the requirements of National Instrument 43-101 of the Canadian Securities Commission. This filing has not been made as at August 31, 2024 or August 31, 2023. Conversion prices range from C$0.88 to C$4.33.

5. Investments (continued):

(d) Investments in convertible debentures (continued):

<u>*Notes (continued):*</u>

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

(11) *Moxico:* The Company is entitled to convert, from time to time prior to the maturity date, some or all of the outstanding principal amount into common shares at the conversion price of GBP0.90. The issuer can redeem the debenture between July 17, 2027, and July 31, 2027. If the issuer gives notice of redemption during this period, the Company can exercise its right to convert some or all of the outstanding principal at a conversion price of GBP0.83 between July 17, 2027, to July 31, 2027. The issuer also has redemption rights on certain defined change of control events.

During the year ended August 31, 2024, the Company received establishment fees of $3,600,000 comprising $2,100,000 on convertible debentures of $70 million issued by NexGen, settled in common shares of NexGen; $900,000 on convertible debentures of $30 million issued by Gold Royalty and $600,000 on convertible debentures of $20 million issued by Moxico, both settled in cash. During the year ended August 31, 2023, the Company received establishment fees of $720,000 comprising $450,000 on convertible debentures of $15 million issued by Challenger, settled in common shares; $150,000 on convertible debentures of $5 million issued by Los Andes and $120,000 on convertible debentures of $4 million issued by IsoEnergy, both settled in cash.

The estimated fair value of convertible debentures at August 31, 2024, is $187,724,681 (2023 - $139,831,617). The fair value for convertible debentures is estimated pursuant to IFRS 13, *Fair Value Measurement*, using valuation models based on a system of two coupled Black-Scholes Option Pricing equations and partial differential equations that are solved simultaneously using finite-difference methods.

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

5. Investments (continued):

(d) Investments in convertible debentures (continued):

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

August 31, 2024	Challenger	Contango	Gold Royalty	IsoEnergy[4]	Los Andes[4]	Moxico	NexGen
Expected life (years)	2.0	3.7	4.3	1.0 to 3.3	1.8 to 3.0	4.9	4.1
Market price volatility[1]	69%	66%	60%	67% to 81%	40% to 43%	60%	61%
Modelled price volatility[2]	57%	45%	35%	60% to 65%	32% to 38%	34%	38%
Risk free interest rate	3.9%	3.8%	3.8%	3.2% to 3.6%	3.3% to 3.5%	3.8%	3.8%
Coupon interest rate	9.0%	9.0%	10.0%	8.5% to 10.0%	8.0%	11.0%	9.0%
Expected dividend yield	-%	-%	-%	-%	-%	-%	-%
Credit spread	29%	30%	21%	18% to 27%	29%	23%	18%
Underlying share price of the investee[3]	A$0.05	$21.52	$1.31	C$3.05	C$9.49	GBP0.60	$6.03
Conversion price	A$0.25	$30.50	$1.90	C$0.88 to C$0.43	C$10.82 to C$19.67	GBP0.90	$6.76
Exchange rate (C$ - $)	-	-	-	0.7412	0.7412	-	-
Exchange rate (A$ - $)	0.6765	-	-	-	-	-	-
Exchange rate (GBP - $)	-	-	-	-	-	1.3127	-

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

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

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

(4) Several convertible debentures issued on various dates.

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

5 Investments (continued):

(d) Investments in convertible debentures (continued):

August 31, 2023	Adriatic	Challenger	Contango	IsoEnergy[3]	Los Andes[3]	NexGen
Expected life (years)	1.25	3.04	4.74	1.97 to 4.27	2.76 to 4.01	1.74
Market price volatility(1)	46%	71%	77%	88%	44% to 66%	56%
Modelled price volatility[2]	40%	51%	44%	64% to 65%	37% to 52%	60%
Risk free interest rate	3.9%	3.7%	4.3%	4.1% to 4.6%	4.1% to 4.5%	4.7%
Coupon interest rate	9.5%	9.0%	9.0%	8.5% to 10.0%	8.0%	7.5%
Expected dividend yield	-%	-%	-%	-%	-%	-%
Credit spread	27%	30%	31%	19% to 28%	24% to 30%	18%
Underlying share price of the investee	A$3.77	A$0.075	$18.23	C$3.59	C$11.49	C$7.11
Conversion price	A$2.7976	A$0.25	$30.50	C$0.88 to C$4.33	C$10.82 to C$19.67	C$2.34
Exchange rate (C$ - $)	-	-	-	0.7403	0.7403	0.7403
Exchange rate (A$ - $)	0.6484	0.6484	-	-	-	-

(1) Market price volatility is derived based on the volatility of the issuer's shares.

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

(3) Several convertible debentures issued on various dates.

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

5 Investments (continued):

(d) Investments in convertible debentures (continued):

For the year ended August 31, 2024, the Company has recorded interest income on convertible debentures of $14,224,097 (2023 - $7,843,177). During the year ended August 31, 2024, the Company received interest payments of $13,124,986 of which $9,494,263 was paid in cash and $3,630,723 was settled in common shares (2023 - received $7,368,177, of which $5,880,077 was in cash and $1,488,100 in common shares).

For the year ended August 31, 2024, the Company has no other income from investments (2023 - other income from investments representing dividend income from equity investments and distributions from exchange traded funds $499,956). For the year ended August 31, 2024, the Company earned interest income on cash balances of $229,340 (2023 - $337,486).

6. Interest expense:

Interest expense consist of the following:

	2024	2023
Interest expense and finance costs (note 9)	$ 1,796,991	$ -
Interest expense on lease liabilities	10,354	19,369
	$ 1,807,345	$ 19,369

7. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of the following:

	2024	2023
Accounts payable	$ 6,107	$ 39,136
Accrued liabilities	189,806	116,078
Taxation liabilities	27,809	-
Due to related parties (note 8)	882,003	821,441
	$ 1,105,725	$ 976,655

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

8. Related party transactions:

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

	2024	2023
Management fee	$ 1,826,000	$ 1,705,000
Directors’ fees	88,000	66,000
Share-based compensation	-	2,541,839
	$ 1,914,000	$ 4,312,839

As at August 31, 2024, accounts payable and accrued liabilities include an amount of $882,003 (2023 - $821,441) due to officers and directors of the Company and/or companies controlled by officers and directors of the Company, related to directors’ fees and reimbursement of expenses. The amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

As at August 31, 2024, the Company holds equity investments and convertible debentures in Gold Royalty, Moxico and NexGen, companies with a common director and IsoEnergy, a company controlled by NexGen. The estimated fair value of equity investments and convertible debentures of these related companies, at August 31, 2024, is $215,816,110 (2023 - including Los Andes, a company with a common director $150,897,652). Establishment fee income for the year ended August 31, 2024, is $3,600,000 (2023 - $270,000) and interest income on convertible debentures is $10,067,431 (2023 - including Los Andes, a company with a common director $3,048,316) from these related companies.

9. Borrowings:

Borrowings consist of the following:

	2024	2023
Bank loan, secured	$ -	$ -
Margin loan, secured	31,625,817	-
	$ 31,625,817	$ -

The movement in borrowings for the year ended August 31, 2024, consists of the following:

	Bank loan	Margin loan	Total
Balance, beginning of the year	$ -	$ -	$ -
Loan draw downs, net of financing costs	22,174,836	45,600,000	67,774,836
Interest expenses and financing costs	1,492,993	303,998	1,796,991
Loan repayments	(22,500,000)	(14,127,411)	(36,627,411)
Interest expense payments	(1,167,829)	(150,770)	(1,318,599)
Balance, end of year	$ -	$ 31,625,817	$ 31,625,817

9. Borrowings (continued):

On December 13, 2023, the maximum amount of a secured bank loan of $22,500,000 was drawn down. The loan had an annual interest rate of the Term Secured Overnight Financing Rate ("Term SOFR") plus 4.25%, payable in cash quarterly in arrears, other than interest for the initial period from draw down to December 31, 2023, and interest for the final period from October 1, 2024 to December 11, 2024, both of which were payable on the last day of the initial or final period respectively.

The loan was secured over certain long-term investments. No repayments of principal were required until maturity, unless the value of the loan was 52.5% or higher than the value of the pledged securities, in which case a portion of the outstanding loan should be repaid or sufficient additional collateral provided to cause the loan to value percentage to be equal to or reduce to 40%.

The Company gave notice of early repayments of the secured bank loan on June 14, 2024; June 25, 2024; and July 2, 2024. The outstanding principal amount of the loan and accrued interest was fully repaid on July 2, 2024.

Transactions costs that were due to be expensed over the term of the loan under the effective interest rate method were fully expensed on repayment of the loan.

On June 16, 2024, the Company made its first draw down on a margin loan account with a brokerage firm. Total drawdowns of $45,600,000 were made over the period to August 31, 2024.

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

The margin loan has no fixed term of repayment. The loan is secured over the cash and securities held by the brokerage firm, with value of $89,671,410 on August 31, 2024. Margin requirements are calculated by the brokage firm and advised daily. If the value of the loan is higher than the maintenance margin requirement a portion of the margin loan must be repaid, or additional collateral must be provided. The brokerage firm has the right to liquate securities within the portfolio to bring the loan back into margin compliance. The loan was in compliance with the margin requirements on August 31, 2024.

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

10. Share capital:

(a) Common shares:

Authorized:

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

Issued and outstanding:

455,485,496 common shares at August 31, 2024 (2023 - 450,356,514).

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

	2024	2023
Shares issued, fully paid and outstanding:		
Balance, beginning of year	450,356,514	445,895,954
Issued in settlement of dividend	6,652,960	9,631,732
Canceled	-	(1)
Purchased through NCIB and canceled	(1,523,978)	(5,171,171)
Balance, end of year	455,485,496	450,356,514

Share transactions during the year ended August 31, 2024, were as follows:

- 6,652,960 shares of the Company were issued on November 16, 2023, as fully paid shares for the settlement of dividends of C$0.019 per share, based on a share price of C$0.65. $3,143,856 was transferred from retained earnings to share capital.
- 1,523,978 shares of the Company, purchased through the Normal Course Issuer Bid ('NCIB") in the year ended August 31, 2024, were canceled: 178,500 shares on November 6, 2023; 233,813 shares on November 20, 2023; 275,095 shares on February 29, 2024; 573,880 shares on May 31, 2024, and 262,690 shares on August 30, 2024.

  The total cost of the shares canceled, including commission, was $911,132, an average cost of C$0.82 per share. $595,036 representing the average issue price of the canceled shares, was transferred from the treasury share reserve to share capital. The remaining $316,096 was transferred from the treasury share reserve to retained earnings.
- All shares purchased under the NCIB were cancelled as at August 31, 2024 and no shares were held in treasury.

10. Share capital (continued):

(a) Common shares (continued):

Share transactions during the year ended August 31, 2023, were as follows:

- 9,631,732 shares of the Company were issued on November 17, 2022, as fully paid shares for the settlement of dividends of C$0.017 per share, based on a share price of C$0.70. $5,078,194 was transferred from retained earnings to share capital.
- 1 share of the Company was canceled on October 17, 2022.
- A total of 5,171,171 shares of the Company, purchased through the Normal Course Issuer Bid ('NCIB"), were canceled: 3,260,694 on November 6, 2022; 935,439 on February 28, 2023; 527,328 shares May 31, 2023, and 447,710 on August 31, 2023.

  The cost of the shares canceled, including commission was $2,797,479, an average cost of C$0.71 per share. $2,000,048 representing the average issue price of the canceled shares, was transferred from the treasury share reserve to share capital. The remaining $797,431 was transferred from the treasury share reserve to retained earnings.
- All shares purchased under the NCIB were cancelled as at August 31, 2023, and no shares were held in treasury.

(b) Warrants:

There were no warrants outstanding at August 31, 2024 and August 31, 2023.

(c) Stock options:

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

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

No stock options were issued or exercised during the year ended August 31, 2024, and the year ended August 31, 2023. The number of options outstanding at August 31, 2024, and August 31, 2023, was 38,650,000 with a weighted average exercise price of C$0.61.

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

10. Share capital (continued):

(c) Stock options (Continued):

35,500,000 stock options were granted on February 28, 2022, exercisable at C$0.64 per share for a term of 5-years. The options vest as to 50% on the grant date and a further 50% after a period of 12-months. The Company determined the grant date estimated fair value of $10,110,198, and the estimated fair value of options vesting in the year ended August 31, 2022 of $7,532,046. $2,578,152 was charged to reserves for the year ended August 31, 2023.

A summary of the Company’s outstanding options at August 31, 2024 and August 31, 2023, is as follows:

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

(d) Normal Course Issuer Bid (“NCIB”):

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

During the year ended August 31, 2024, there were purchases of 1,523,978 shares for cash of $911,132 (2023 - purchases of 2,831,593 shares for cash of $1,481,101).

(e) Dividend:

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

On October 11, 2023, the Company declared a dividend on C$0.019 per share to all shareholders of record on November 6, 2023. The dividend of $6,218,309 was paid on November 16, 2023, with $3,074,453 paid in cash and $3,143,856 settled by the issue of 6,652,960 shares under the Company’s DRIP.

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

11. Basic and diluted net income per share:

The calculation of basic net income per share, for the year ended August 31, 2024, is calculated using the weighted average number of common issued shares of 455,012,083 less the weighted average number of shares purchased and held in treasury of 124,727 to derive the weighted average number of issued and outstanding shares 454,887,356 (2023 - weighted average common issued shares for year of 450,169,718 less the weighted average number of shares purchased and held in treasury of 552,173 to derive 449,617,545 shares).

Diluted net income per share, for the year ended August 31, 2024 and August 31, 2023, is calculated using the weighted average number of common shares issued and outstanding adjusted for the dilutive effect of 38,650,000 stock options.

12. Financial instruments and risk management:

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the year and at the date of the statement of financial position, and how the entity manages these risks.

The following table summarizes the carrying value of financial assets and liabilities of the Company as at August 31, 2024, and August 31, 2023:

	2024	2023
Estimated fair value through profit and loss:		
Investments	$ 279,331,580	$ 220,599,252
Amortized cost:		
Cash and cash equivalents	1,093,963	14,745,031
Receivables	2,195,570	1,485,470
Accounts payable and accrued liabilities	1,105,725	976,655
Borrowings	31,625,817	-
Lease liabilities	126,685	316,091

As at August 31, 2024, and August 31, 2023, financial instruments that are not measured at estimated fair value on the balance sheet are represented by cash, prepaid and deposits, receivables, accounts payable and accrued liabilities, borrowings and lease liabilities. The fair value of these financial instruments approximates the carrying value due to their short-term nature and the fair values are estimated using Level 2 inputs.

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

12. Financial instruments and risk management (continued):

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

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

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

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

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

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

The total unrealized loss recognized in Income and Comprehensive Income for the year ended August 31, 2024, in respect of Level 3 investments in convertible debentures was $1,838,005 (2023 - nil). The estimate fair value would increase (decrease) if the estimated share price was higher (lower); the estimated volatility was higher (lower) or the credit spread was lower (higher). A one percentage point increase or decrease in the estimated share price, volatility or credit spread would have the following impact on the estimated fair value at August 31, 2024:

	1% Increase	1% Decrease
Assumption:		
Share price	$ 501,994	$ (76,857)
Volatility	452,219	(38,266)
Credit spread	(58,822)	118,182

12. Financial instruments and risk management (continued):

There were asset transfers from Level 2 to Level 1 of 73,247,330 due to the conversion of debentures into common shares during the year ended August 31, 2024 (2023 - none).

Financial risks:

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

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

(a) Credit risk:

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash and investments. The Company has limited exposure to credit risk related to cash, as it only deposits its cash with high credit quality financial institutions, which are available on demand. The Company's equity investments are settled and paid for upon delivery using an approved broker. The risk of default is considered minimal, as delivery of securities sold is made once the broker has received payment and payment on a purchase is received by the broker. The trade will fail if either party fails to meet its obligations. The Company's credit risk related to convertible debentures is associated with the risk that these third parties will not perform their underlying obligations. The Company mitigates its credit risk by only investing and providing loans where they have a detailed knowledge of the investee's operations and business strategy. The Company has convertible debentures invested in seven companies at August 31, 2024, that were made up of 41% NexGen; Gold Royalty 15%; 13% IsoEnergy; 10% Moxico; 9% Contango; 6% Challenger and 6% Los Andes (2023 - 33% NexGen; 20% IsoEnergy; 20% Adriatic; 11% Contango; 9% Los Andes; and 7% Challenger).

(b) Liquidity risk:

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

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

12. Financial instruments and risk management (continued):

(b) Liquidity risk (continued):

The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity, bank or other financing. As of August 31, 2024, the Company had no significant contractual obligations other than those included in accounts payable, accrued liabilities, borrowings and lease liabilities and disclosed in Note 17.

(c) Interest and foreign exchange risk:

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

At August 31, 2024, the Company is exposed to limited interest rate risk as it earns relatively low interest on its cash balance due to modest interest rates on United States dollars and Canadian dollars ("C$"). The Company is exposed to interest rate risk on its borrowings arising from movements in US Fed Funds Effective Overnight Rate.

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

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

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

August 31, 2024	C$	GBP	HK$	A$	Total
Cash	$ 285,377	$ -	$ 21,316	$ 372	$ 307,065
Prepayments and deposits	1,170	-	61,606	-	62,776
Receivables	-	-	-	-	-
Investments	67,317,245	-	-	22,464,902	89,782,147
Accounts payable and accrued liabilities	(153,320)	(7,890)	(43,585)	-	(204,795)
Lease liabilities	-	-	(126,685)	-	(126,685)
Net assets (liabilities)	$ 67,450,472	$ (7,890)	$ (87,348)	$22,465,274	$ 89,820,508

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

12. Financial instruments and risk management (continued):

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

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

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

Based on the above net exposure as at August 31, 2024, and assuming all other variables remain constant, a 2% depreciation or appreciation of the C$, HK$, A$ and GBP against the United States dollar would result in an increase or decrease of approximately $1.8 million (2023 - $1.6 million) in the Company's net income and comprehensive income.

(d) Market price risk:

Market price risk is the risk that the estimated fair value of an investment measured at FVTPL will fluctuate because of changes in market prices (other than those arising from foreign currency risk or interest rate risk). The Company's investments at estimated fair value of public entities are subject to price risk. A 5% increase and a 5% decrease in the value of the individual equity market prices in public entities, or individual equity prices in listed and unlisted entities which are used as equivalent equity instruments for the valuation of non-traded investments, would result in an increase of approximately $10.5 million and a decrease of approximately $10.6 million, respectively, in the value of investments and unrealized gain for the year ended August 31, 2024 (2023 - increase of approximately $4.5 million and decrease of approximately $4.8 million).

13. Capital management:

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

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

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

13. Capital management (continued):

The Company's objectives when managing capital are:

(a) to maintain the Company's ability to make new investments by allowing it to respond to economic changes and/or the marketplace;

(b) to maintain growth of shareholders' equity; and

(c) to continue taking a conservative approach towards financial leverage and management of financial risks.

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

14. Income taxes:

The actual income tax provision differs from the expected amounts calculated by applying the Hong Kong Special Administrative Region corporate tax rate for the years ended August 31, 2024 and 2023, to the Company's income before income taxes.

Under the current Hong Kong Inland Revenue Ordinance, the Company is subject to 16.5% income tax on taxable income generated from operations in Hong Kong. Under the current Hong Kong tax laws, the Company is exempt from Hong Kong income tax on its foreign-derived income and capital gains, which comprises most of the Company's income.

A reconciliation of income taxes at statutory rates with the reported income tax expense is as follows:

	2024	2023
Net income before income taxes	$ 18,063,200	$ 4,468,685
Corporate tax rate	16.5%	16.5%
Expected income tax expense (recovery) at statutory rates	$ 2,980,428	$ 737,333
Non-taxable (income) net of non-deductible expenses	(2,961,460)	(737,333)
Tax expense for prior period	8,841	-
Withholding taxes	-	125,622
Total income tax expense	$ 27,809	$ 125,622

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

15. Supplemental disclosure with respect to cash flows:

Significant non-cash transactions in the year ended August 31, 2024 and 2023 were:

	2024	2023
Investments received for settlement of establishment fees (note 5)	$ 2,100,000	$ 450,000
Investments received for settlement of interest receivable (note 5)	3,630,723	1,488,100
Investments received on conversion of debentures (note 5)	77,444,699	-
Transfer from retained earnings to share capital for shares issued under the DRIP (note 10(e))	3,143,856	5,078,194
Transfer from retained earnings to share-based reserves for share-based compensation costs (note 10(c))	-	2,578,152

16. Segmented information:

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

17. Commitments:

On July 17, 2024, the Company committed to purchase $50 million convertible debentures issued by Moxico. On July 17, 2024, the Company purchased US$20 million convertible debentures issued by Moxico (note 5). On October 21, 2024, a further $10 million convertible debentures issued by Moxico were purchased (note 18). The Company has committed to purchase the remaining $20 million convertible debentures by November 30, 2024.

18. Subsequent events:

On September 18, 2024, the Company issued 21,428,571 common shares at C$0.70 per share for gross proceeds of C$15 million ($11,025,817) through a non-brokered private placement, The private placement included shares issued to three related parties: Corom Pty Ltd., a significant shareholder and a company controlled by a relative of a director of the Company, subscribed for 5,530,219 common shares; BB Family International Trust, a significant shareholder, subscribed for 3,971,424 common shares; and a director of the Company subscribed for 4,857,143 common shares.

18. Subsequent events (continued):

From September 1, 2024, to November 14, 2024, 2,282,810 shares were issued as fully paid shares from the exercise of share options for $521,713 received in cash. As at November 14, 2024, there are 36,367,190 stock options outstanding with a weighted average price of C$0.63.

On October 11, 2024, the Board of Directors declared a dividend payable of C$0.021 per share to all shareholders of record as of November 4, 2023. The dividend of C$10,062,977 was paid on November 14, 2024, with C$2,116,204 paid in cash and C$7,946,773 settled by the issue of 11,352,533 shares to shareholders who elected to reinvest their dividend in shares of the Company through the Company's dividend reinvestment plan (the "DRIP").

On October 21, 2024, the Company completed the purchase of $10 million of convertible debentures issued by Moxico funded by an additional draw down on the margin loan (note 17). The convertible debentures have a 5-year term, carry an 11% coupon, 7.5% settled in cash and 3.5% settled in shares and convertible into common shares of Moxico at a price of GBP0.90. An establishment fee of 3% of the principal amount was settled in cash.