



Queen's Road Capital Investment Ltd.
Management's Discussion and Analysis

Year ended August 31, 2024

Effective Date of this Report: November 15, 2024

This Management's Discussion and 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 the consolidated audited financial statements for the year ended August 31, 2024, and the related notes attached thereto, which have been prepared in accordance with IFRS Accounting Standards. The consolidated financial statements are available under QRC's profile on SEDAR+ at www.sedarplus.ca. All amounts in this MD&A are expressed in United States dollars, unless otherwise stated.

The MD&A includes the non-IFRS Accounting Standard management measure of estimated market value of investments, which differs from the standardized measurement prescribed under IFRS Accounting Standards and used for the purposes of the financial statements. Management's measurement may not be comparable to similar measures presented by other entities. This non-*Generally Accepted Accounting Practice* ("**GAAP**") measure should not be considered to be more meaningful than GAAP measures, which are determined in accordance with IFRS Accounting Standards. The reconciliation of management's estimated market value of investments to the estimated fair value of investments, pursuant to IFRS 13, *Fair Value Measurement*, in the consolidated financial statements, is set out under "**Investments at Estimated 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 their 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.



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Cautionary Statement on Forward-Looking Information (continued)

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 the Company 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, 2024

\$70 Million Investment in NexGen Energy Ltd.

On September 22, 2023, the Company completed the purchase of \$70 million new convertible debentures issued by NexGen Energy Ltd. ("NexGen") having the following principal terms:

- 9.0% interest payable semi-annually - 6.0% in cash and 3.0% in NexGen common shares;
- 5-year maturity; and
- Debentures convertible into NexGen common shares at \$6.76 per share.



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Key Accomplishments During the Year Ended August 31, 2024 (continued)

\$70 Million Investment in NexGen Energy Ltd. (continued)

QRC earned a 3% establishment fee on the principal amount of the NexGen debentures, which was settled in NexGen common shares.

The Company sold 8,700,000 NexGen common shares to Washington H. Soul Pattinson and Company Ltd. ("WHSP") for \$5.20 per common share on September 22, 2023, and used the proceeds and cash on hand to fund the investment. The Company also converted its existing \$15 million convertible debentures issued by NexGen on May 27, 2020, at the conversion price of C\$2.34 per share on September 28, 2023, and received 8,663,461 NexGen common shares.

\$30 Million Investment in Gold Royalty Corp.

On December 15, 2023, the Company completed the purchase of \$30 million convertible debentures issued by Gold Royalty Corp. ("**Gold Royalty**") having the following principal terms:

- 10.0% interest payable semi-annually - 7.0% in cash and 3.0% in Gold Royalty common shares;
- 5-year maturity; and
- Debentures convertible into Gold Royalty common shares at \$1.90 per share.

QRC earned a 3% establishment fee on the principal amount of the debentures, which was settled in cash. The investment was funded by a secured bank loan of \$22.5 million and cash on hand.

\$50 Million Investment in Moxico Resources plc

On July 17, 2024, the Company committed to purchase US\$50 million convertible debentures issued by Moxico Resources plc ("**Moxico**") having the following principal terms:

- 11.0% interest payable semi-annually - 7.5% in cash and 3.5% in Moxico common shares;
- 5-year maturity; and
- Debentures convertible into Moxico common shares at GBP0.90 per share.

On July 17, 2024, the Company completed the purchase of \$20 million convertible debentures and on October 21, 2024, the Company completed the purchase of a further \$10 million convertible debentures. QRC earned a 3% establishment fee on the principal amount of the debentures, which was settled in cash. The investments were funded by debt facilities.



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Key Developments Subsequent to August 31, 2024

Declaration and Payment of Dividend

On October 11, 2024, the Company declared its annual dividend of C\$0.021 per share to all shareholders on record as of November 4, 2024. The dividend was paid on November 14, 2024.

C\$15 Million Private Placement

On September 18, 2024, the Company completed a non-brokered private placement of 21,428,571 shares at a price of C\$0.70 per share for gross proceeds of C\$15 million (\$11 million).

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.



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Investments (continued)

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 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.



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Investments (continued)

Investment Strategy (continued)

- 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 maintaining capital to cover 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, the Investment Committee or 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.



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Investments (continued)

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 and to the Investment Committee. The Board has delegated the authority to make the final investment decision to the Investment Committee in respect of any opportunity recommended by the Board to the Investment Committee.

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.



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Investments (continued)

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 \$189 million in convertible debentures issued by seven resource companies as presented in the table below.

Resource Company	Investment base at cost
Challenger Gold Ltd.	\$ 15,000,000
Contango ORE, Inc.	20,000,000
Gold Royalty Corp.	30,000,000
IsoEnergy Ltd. ⁽¹⁾	10,000,000
Los Andes Copper Ltd. ⁽¹⁾	14,000,000
Moxico Resources plc.	30,000,000
NexGen Energy Ltd.	70,000,000
	\$ 189,000,000

⁽¹⁾ Several convertible debentures issued on various dates.

Management's Estimated Market Value of Investments

The Company has investments in listed and unlisted 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 in the market price of the equity securities than it would be if it invested in those equity securities directly.



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Investments (continued)

Management's Estimated Market Value of Investments (continued)

	November 15, 2024
Equity and other investments: ⁽¹⁾	
NexGen Energy Ltd.	\$ 78,931,801
Other investments ⁽²⁾	30,814,542
Convertible debentures: ⁽³⁾	
Challenger Gold Ltd.	15,285,000
Contango ORE, Inc.	23,929,918
Gold Royalty Corp.	38,992,763
IsoEnergy Ltd.	27,267,785
Los Andes Copper Ltd.	14,933,531
Moxico Resources plc	41,303,333
NexGen Energy Ltd.	111,663,047
Total estimated market value	\$ 383,121,720

⁽¹⁾ Market Value was based on share prices and exchange rates on November 15, 2024.

⁽²⁾ "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; and (c) shares held as a result of conversion of certain convertible debentures held for investment purposes.

⁽³⁾ Convertible debentures are stated at principal plus accrued interest with the option valued using the Black-Scholes methodology.

Reconciliation of Management's Estimated Market Value of Investments to Investments at Estimated Fair Value (an IFRS Accounting Standards measure)

As required by IFRS Accounting Standards, fair value of equity investments as shown in the consolidated audited financial statements is estimated based on the closing market price of the relevant equity investment. Pursuant to IFRS 13, *Fair Value Measurement*, fair value of the convertible debentures as shown in the consolidated audited financial statements is estimated 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 for a convertible debt instrument may be below the principal amount of such convertible debt instrument due to the methodology employed to derive such fair value. This does not have any implications in relation to the solvency of the issuer. The fair value is to comply with IFRS Accounting Standards only.



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Reconciliation of Management's Estimated Market Value of Investments to Investments at Estimated Fair Value (an IFRS Accounting Standards measure) (continued)

The Company's management estimated market value of these investments is detailed in the section above titled "**Management's Estimated 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 adjustment applied to volatility required to equate the initial estimated valuation to the estimated fair value of consideration exchanged in accordance with IFRS.

The reconciliation of the IFRS Accounting Standards estimated fair value of investments, the most directly comparable financial measure from the consolidated financial statements to Management's estimated market value of investments is set out below:

	2024	2023
	\$	\$
Estimated fair value under IFRS Accounting Standards at the end of the period	279,331,580	220,599,252
<i>Convertible debentures</i> - difference in models used and volatility assumptions due to initial calibration of fair value with purchase price under IFRS Accounting Standards	62,285,878	30,280,725
Management's estimate of market value at the end of the year	341,617,458	250,879,977
Equity and other investments - shares received on conversion	-	55,180,476
Equity and other investments - other shares received less disposals	(3,682,614)	(62,135,972)
Equity and other investments - update of market value to date of report	21,682,836	2,882,663
Convertible debentures - update of market value to date of report	9,736,262	(460,064)
Convertible debentures - conversion to shares	-	(47,407,131)
Convertible debentures - new investments at market value	13,767,778	109,632,115
Management's estimate of market value of investments at date stated in the MD&A report	383,121,720	308,572,064



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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.

Annual interest income on the investments in convertible debentures held as at the date of this AIF would be \$17.8 million, increasing to \$20.0 million per annum, upon completing the remaining \$20 million investment in Mexico.

(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.

(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.

Results for the Three Months and Year ended August 31, 2024

Overall Performance

	Three months ended		Year ended	
	August 31, 2024	August 31, 2023	August 31, 2024	August 31, 2023
	\$	\$	\$	\$
Interest and other income	3,924,744	2,630,178	14,453,437	8,680,619
Establishment fee income	600,000	-	3,600,000	720,000
Realized gain (loss) from investments	(44,031)	68,616	5,757,924	594,325
Unrealized gain (loss) from equity and other investments	(28,306,971)	14,473,317	(1,754,516)	2,630,967
Unrealized gain (loss) from convertible debentures	(34,652,828)	16,254,281	1,140,394	(2,333,090)
Total income (loss) from investments	(58,479,086)	33,426,392	23,197,239	10,292,821



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Results for the Three Months and Year ended August 31, 2024 (continued)

Overall Performance (continued)

Loss from investments during the three months ended August 31, 2024, of \$58,479,086 mainly represents unrealized loss from convertible debentures and equity and other investments partially offset interest income on the convertible debenture portfolio and establishment fees. Income from investments during the year ended August 31, 2024, of \$23,197,239 mainly represents interest income on the convertible debenture portfolio, realized gain from investments, establishment fees and unrealized gain from convertible debentures partly offset by unrealized loss from equity and other investments. Income from investments for the three months ended August 31, 2023, of \$33,426,392 mainly represents unrealized gain from convertible debentures and equity and other investments. Income from investments for the year ended August 31, 2023, \$10,292,821 mainly represents interest income on the convertible debenture portfolio and unrealized gain from equity and other investments partially offset by unrealized loss on convertible debentures.

Interest and other income from investments during the three months and year ended August 31, 2024, of \$3,924,744 and \$14,453,437 and three months and year ended August 31, 2023 of \$2,630,178 and \$8,680,619, respectively mainly represents the interest income earned on the convertible debenture portfolio listed above.

Establishment fee income of \$600,000 during the three months ended August 31, 2024, represents the establishment fee earned on the Moxico convertible debenture. Establishment fee income during the three months ended August 31, 2023, was nil. Establishment fee income during the year ended August 31, 2024, of \$3,600,000 represents the establishment fee earned on the Moxico (July 2024), Gold Royalty (December 2023) and the new NexGen (September 2023) convertible debentures. Establishment fee income during the year ended August 31, 2023, of \$720,000 represents the establishment fee earned on the Challenger (September 2022), Los Andes (September 2022) and IsoEnergy (December 2022) convertible debentures.

Realized loss from investments during the three months ended August 31, 2024, of \$44,031 arise from the sale of equity investments. Realized gain from investments during the year ended August 31, 2024, of \$5,757,924 arise from the conversion of convertible debentures and the sale of equity investments. Realized gain from investments during the three months ended August 31, 2023, of \$68,616 and the year ended August 31, 2023, of \$594,325, respectively, arise from the sale of equity investments.



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Results for the Three Months and Year ended August 31, 2024 (continued)

Overall Performance (continued)

Unrealized loss from equity and other investments during the three months and year ended August 31, 2024, of \$28,306,971 and \$1,754,516, respectively, mainly represents loss arising from the decrease in the share price of NexGen and Adriatic. Unrealized gain from equity and other investments during the three month and year ended August 31, 2023, of \$14,473,317 and \$2,630,967, respectively, mainly represents gain arising from the increase in the share price of NexGen.

Unrealized loss on convertible debentures during the three months ended August 31, 2024, of \$34,652,828 mainly represents decreases in the fair value of the debentures in NexGen and IsoEnergy. Unrealized gain on convertible debentures during the year ended August 31, 2024, of \$1,140,394 mainly represents increases in the fair value of the debentures in Challenger and Contango. Unrealized gain from convertible debentures during the three months ended August 31, 2023, of \$16,254,281 mainly represents increases in the fair value of the debentures in NexGen and Adriatic partially offset by decreases in Contango and Challenger. Unrealized loss from convertible debentures during the year ended August 31, 2023, of \$2,333,090 mainly represents decreases in the fair value of the debentures in IsoEnergy, Challenger and Los Andes partially offset by increases in Adriatic and NexGen.

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, 2024	August 31, 2023	August 31, 2022
	\$	\$	\$
Income from investments	23,197,239	10,292,821	8,505,849
Net income (loss)	18,035,391	4,343,063	(3,482,448)
Basic income (loss) per share	0.04	0.01	(0.01)
Diluted income (loss) per share	0.04	0.01	(0.01)
Total assets	282,856,142	237,240,855	232,574,253



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Summary of Quarterly Results

Quarter ended	Total assets	Net (loss) income from investments	Net income (loss)	Net income (loss) per share basic	Net income (loss) per share diluted
	\$	\$	\$	\$	\$
August 31, 2024	282,856,142	(58,479,086)	(60,012,837)	(0.13)	(0.12)
May 31, 2024	333,893,402	31,632,901	30,153,493	0.07	0.06
February 29, 2024	303,786,531	18,421,187	16,815,796	0.04	0.03
November 30, 2023	263,799,777	31,622,237	31,078,939	0.07	0.06
August 31, 2023	237,240,855	33,426,392	31,981,602	0.07	0.07
May 31, 2023	204,649,780	(10,065,418)	(10,537,231)	(0.02)	(0.02)
February 28, 2023	215,576,795	(15,662,177)	(17,560,325)	(0.04)	(0.04)
November 30, 2022	233,102,323	2,589,215	459,017	0.00	0.00
August 31, 2022	232,574,253	1,144,250	(2,650,137)	(0.01)	(0.01)

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

Loss from investments during the three months ended August 31, 2024, was principally attributable to unrealized loss from convertible debentures due to a decrease in the underlying share price of NexGen and IsoEnergy; unrealized loss from equity and other investments due to the decrease in share price of NexGen and Adriatic partially offset by interest income due to the increase in the principal amount of investments in convertible debentures and the establishment fee income earned on the Moxico (July 2024) debentures.

Income from investments during the three months ended May 31, 2024, was principally attributable to unrealized gain from convertible debentures due to the increase in the underlying share price of NexGen, Contango and IsoEnergy; realized gains from equity and other investments due to the increase in the share price of NexGen and Adriatic; interest income due to the increase in the principal amount of investments in convertible debentures and the establishment fee income earned on the NexGen (September 2023) and Gold Royalty (December 2023) debentures.

Income from investments during the three months ended February 29, 2024, was principally attributable to unrealized gain from convertible debentures due to the increase in the underlying share price of NexGen, Gold Royalty, and IsoEnergy; realized gain from convertible debentures due to the conversion of the NexGen (May 2020) debentures into common shares of NexGen; realized gains from equity and other investments due to the increase in the share price of NexGen; interest income due to the increase in the principal amount of investments in convertible debentures and the establishment fee income earned on the NexGen (September 2023) and Gold Royalty (December 2023) debentures.



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Summary of Quarterly Results (continued)

Income from investments during the three months ended November 30, 2023, was principally attributable to unrealized gain from convertible debentures due to the increase in the underlying share price of NexGen, Contango and IsoEnergy; realized gain from convertible debentures due to the conversion of the NexGen (May 2020) debentures into common shares of NexGen; realized gains from equity and other investments due to the increase in the share price of NexGen; interest income due to the increase in the principal amount of investments in convertible debentures and the establishment fee income earned on the NexGen (September 2023) debenture.

Income from investments during the three months ended August 31, 2023, was principally attributable to unrealized gain from equities and other investments due to the increase in the share price of NexGen and unrealized gain from convertible debentures due to the increase in the underlying share price of NexGen, IsoEnergy and Adriatic.

Loss from investments during the three months ended May 31, 2023, and February 28, 2023, was principally attributed to unrealized loss from equity and other investments due to the decrease in the share price of NexGen combined with unrealized loss from convertible debentures due to the decrease in the underlying share price of NexGen and IsoEnergy.

Income from investments during the three months ended November 30, 2022, was principally attributable to interest earned on convertible debentures and unrealized gain from convertible debentures due to the increase in the underlying share price of NexGen and Adriatic partially offset by the decrease in the underlying share price of IsoEnergy and Contango.

Income from investments during the three months ended August 31, 2022, was principally attributable to interest earned on convertible debentures and unrealized gain from equities and other investments due to the increase in the share price of NexGen partially offset by unrealized loss from convertible debentures due to the decrease in the underlying share price of IsoEnergy partially offset by unrealized loss on equity and other investments and convertible debentures to the decrease in the share price of NexGen and the higher discount on the investment in Osisko Green.

Net income during the three months ended May 31, 2024, February 29, 2024, November 30, 2023, August 31, 2023, and November 30, 2022 is attributable to income from investments, less operating expenses.

Net loss during the three months ended August 31, 2024, May 31, 2023, and February 28, 2023, was mainly due unrealized loss on investments and operating expenses. Net loss during the three months ended August 31, 2022, was due to operating expenses.



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Results of Operations

Income from Investments for the Fourth Quarter and Year Ended August 31, 2023 and August 31, 2023

	Three months ended		Year ended	
	August 31, 2024	August 31, 2023	August 31, 2024	August 31, 2023
	\$	\$	\$	\$
Interest and other income	3,924,744	2,630,178	14,453,437	8,680,619
Establishment fee income	600,000	-	3,600,000	720,000
Realized (loss) gain from investments	(44,031)	68,616	5,757,924	594,325
Unrealized (loss) gain from investments	(62,959,799)	30,727,598	(614,122)	297,877
	(58,479,086)	33,426,392	23,197,239	10,292,821

During the three months ended August 31, 2024, the Company recorded loss from investments of \$58,479,086 compared to income from investments in the three months ended August 31, 2023, of \$33,426,392. The loss for the three months ended August 31, 2024, compared to the income in the corresponding period was mainly attributable to unrealized loss from investments in the period compared to the unrealized gain from investments in the corresponding period, due to the decrease in the share prices of the investments in the current period compared to an increase in share prices in the corresponding period.

During the year ended August 31, 2024, the Company recorded income from investments of \$23,197,239 compared to an income from investments of \$10,292,821 in the year ended August 31, 2023. The higher income for the year ended to August 31, 2024, compared to the corresponding period was mainly attributable to an increase in interest income as a result of more investments in convertible debentures, higher realized gain from investments mainly attributable to gain from conversion of debentures and higher establishment fees due to an increase in the number and principal amount of investments in convertible debentures.

Interest and other income for the three months and year ended August 31, 2024, of \$3,924,744 and \$14,453,437, respectively compared to \$2,630,178 and \$8,680,619 in the three months and year ended August 31, 2023. The Company primarily earned interest income on its convertible debenture securities. The increase for the three months and year ended August 31, 2024, compared to the corresponding periods was mainly due to the purchase of additional investments in convertible debentures at higher interest rates generating increased interest income.



Queen's Road Capital Investment Ltd.
Management's Discussion and Analysis

Year ended August 31, 2024

Results of Operations (continued)

Income from Investments for the Fourth Quarter and Year Ended August 31, 2023 and August 31, 2023 (continued)

Establishment fee income for the three months and year ended August 31, 2024, of \$600,000 and \$3,600,000, respectively compared to nil in the three months and \$720,000 in the year ended August 31, 2023. The income in the three months ended August 31, 2024, was the 3% establishment fee on the principal amounts of \$20 million Moxico convertible debentures. The income in the year ended August 31, 2024, was the 3% establishment fee on the principal amounts of \$20 million Moxico, \$30 million Gold Royalty and \$70 million NexGen convertible debentures. The income in the year ended August 31, 2023, was the 3% establishment fees on the principal amounts of \$15 million Challenger, \$5 million Los Andes and \$4 million IsoEnergy convertible debentures.

Realized loss from investments for the three months ended August 31, 2024, of \$44,031 and realized gain from investments for year ended August 31, 2024, of \$5,757,924, compared to realized gain from investment of \$68,616 and \$594,325 in the three months and year ended August 31, 2023, respectively. The loss reflected is loss from the sale of equity investments. The income reflected is gain from the conversion of convertible debentures and the sale of equity investments. The loss and gain on the sale of equity investments 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. The gain on the conversion of the convertible debentures reflects the number of shares received on conversion and the individual share price at the time of conversion compared to the carrying value of the investment at the beginning of the financial year.

The unrealized loss from investments in the three months and year ended August 31, 2024, of \$62,959,799 and \$614,122, respectively, compared to the unrealized gain in the three months and year ended August 31, 2023, of \$30,727,598 and \$297,877, respectively.

The unrealized loss from investments in the three months ended August 31, 2024, was mainly attributable to a decrease in the fair value of some of the convertible debenture securities combined with a decrease in the fair value of some of the investments in equities of public companies owned by the Company. The unrealized gain from investments in the three months ended August 31, 2023, was mainly attributable to an increase in the fair value of some of the convertible debenture securities combined with an increase in the fair value of some of the investments in equities of public companies owned by the Company. The share price of the some of the underlying issuers of the convertible debentures and equities decreased between the start and end of the three months ended August 31, 2024, compared to an increase in the corresponding period resulting in an unrealized loss compared to an unrealized gain in the corresponding period.



Queen's Road Capital Investment Ltd.
Management's Discussion and Analysis

Year ended August 31, 2024

Results of Operations (continued)

Income from Investments for the Fourth Quarter and Year Ended August 31, 2023 and August 31, 2023 (continued)

The unrealized loss from investments in the year ended August 31, 2024 was mainly attributable to a decrease in the fair value of some of the investments in equities of public companies owned by the Company partially offset by an increase in the fair value of some of the convertible debenture securities. The unrealized gain from investments in the year ended August 31, 2023 was mainly attributable to an increase in the fair value of investments in equities of public companies owned by the Company partially offset by a decrease in the fair value of some of the convertible debentures.

The unrealized loss from investments in the year ended August 31, 2024 compared to unrealized gain in the corresponding period was mainly attributable to a decrease in fair value of some of the equity and other investments in the current period compared to an increase in the corresponding period combined with an increase in the fair value of some of the convertible debentures in the current period compared to a decrease in fair value in the corresponding period. The share price of some of the equities decreased between the start and end of the year ended August 31, 2024, compared to the increases in the corresponding period while the share prices of some of the underlying issuers of the convertible debentures increased compared to decreases in 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, 2024 and August 31, 2023

	August 31, 2024	August 31, 2023	Increase (decrease) expenses
	\$	\$	\$
Business development and marketing	96,628	92,861	3,767
Depreciation	46,660	46,661	(1)
Foreign exchange loss (gain)	3,409	(41,904)	45,313
Management and directors' fees	489,167	1,046,500	(557,333)
Office and administration	71,076	58,279	12,797
Professional and regulatory fees	170,333	117,495	52,838
	<u>877,273</u>	<u>1,319,892</u>	<u>(442,619)</u>



Queen's Road Capital Investment Ltd.
Management's Discussion and Analysis

Year ended August 31, 2024

Results of Operations (continued)

Operating Expenses for the Fourth Quarter ended August 31, 2024 and August 31, 2023 (continued)

Significant changes for the three months ended August 31, 2024, compared to August 31, 2023, are as follows:

- Foreign exchange gain of \$41,904 changed to a foreign exchange loss of \$3,409 mainly due to the impact of C\$/\\$ rate fluctuations.
- Management and directors' fees decreased \$557,333 mainly due to the timing of the accrual for management bonuses.
- Professional and regulatory fees increased \$52,838 mainly due to the level and timing of corporate activities.

Operating Expenses for the Year Ended August 31, 2024 and August 31, 2023

	August 31, 2024	August 31, 2023	Increase (decrease) expenses
	\$	\$	\$
Business development and marketing	371,688	430,228	(58,540)
Depreciation	186,642	186,642	-
Foreign exchange loss	91,672	181,247	(89,575)
Management and director fees	1,914,000	1,771,000	143,000
Office and administration	287,138	241,822	45,316
Professional and regulatory fees	475,554	415,676	59,878
Share-based compensation	-	2,578,152	(2,578,152)
	<u>3,326,694</u>	<u>5,804,767</u>	<u>(2,478,073)</u>



Queen's Road Capital Investment Ltd.
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Year ended August 31, 2024

Operating Expenses for the Year Ended August 31, 2024 and August 31, 2023 (continued)

Significant changes for the year ended August 31, 2024, compared to August 31, 2023, are as follows:

- Business development and marketing decreased \$58,540 mainly due to decreased activities and less business travel.
- Foreign exchange loss decreased \$89,575 due to the lower Canadian dollar cash held combined with the reduced impact of C\$/\\$ rate fluctuations.
- Management and director fees increased \$143,000 due to increases in the fees payable to both management and directors from January 1, 2024.
- Office and administration increased \$45,316 mainly due to the increase in health insurance costs.
- Professional and regulatory fees increased \$59,878 mainly due the level and timing of corporate activities.
- Share-based compensation decreased \$2,578,152 due to the timing of vesting of stock options granted to executives, directors, and consultants.

Interest Expense for the Fourth Quarter ended August 31, 2024 and August 31, 2023

	August 31, 2024	August 31, 2023	Increase (decrease) expenses
	\$	\$	\$
Interest expense and finance costs	626,899	-	626,899
Interest expense on lease liabilities	1,770	4,084	(2,314)
	<u>628,669</u>	<u>4,084</u>	<u>624,585</u>

Significant changes for the three months ended August 31, 2024, compared to August 31, 2023, are as follows:

- Interest expense and finance costs increased \$626,899 due to the drawn down of secured bank loan in December 2023, which was subsequently fully repaid in July 2024, and the drawn down of a margin loan in July 2024.



Queen's Road Capital Investment Ltd.
Management's Discussion and Analysis

Year ended August 31, 2024

Interest Expense for the Year Ended August 31, 2024 and August 31, 2023

	August 31, 2024	August 31, 2023	Increase (decrease) expenses
	\$	\$	\$
Interest expense and financing costs	1,796,991	-	1,796,991
Interest expense on lease liabilities	10,354	19,369	(9,015)
	<u>1,807,345</u>	<u>19,369</u>	<u>1,786,976</u>

Significant changes for the year ended August 31, 2024, compared to August 31, 2023, are as follows:

- Interest expense and financing costs \$1,796,991 due to the drawn down of secured bank loan in December 2023, which was subsequently fully repaid in July 2024, and the drawn down of a margin loan in July 2024.

Liquidity and Capital Resources

Cash Flows

	Year ended	
	August 31, 2024	August 31, 2023
	\$	\$
Operating activities	7,238,648	3,611,396
Financing activities	26,971,240	(2,231,746)
Investing activities	(47,857,807)	(21,017,763)
Change in cash during the year	<u>(13,647,919)</u>	<u>(19,638,113)</u>



Queen's Road Capital Investment Ltd.
Management's Discussion and Analysis

Year ended August 31, 2024

Liquidity and Capital Resources (continued)

Cash Flows (continued)

Cash provided by operating activities for the year ended August 31, 2024, was \$7,238,648 (2023 - \$3,611,396). The cash provided operating activities for the year ended August 31, 2024, consists primarily net income of \$18,035,391 (2023 - \$4,343,063) adjusted for items not affecting cash; interest income received; interest expenses paid and changes in working capital.

Significant items not affecting cash for the year ended August 31, 2024, were realized gain on investments of \$5,757,924 (2023 - \$594,325), unrealized loss on investments of \$614,122 (2023 - unrealized gain \$297,877); establishment fee income of \$2,100,000 (2023 - \$450,000); depreciation of \$186,642 (2023 - \$186,642) and share-based compensation of nil (2023 - \$2,578,152).

Interest income recorded on convertible debentures of \$14,224,097 (2023 - \$7,843,177) was adjusted to reflect interest received in cash on convertible debentures of \$9,494,263 (2023 - \$5,880,077). Interest expenses and financing costs on borrowings of \$1,796,991 (2023 - nil) was adjusted to reflect interest paid of \$1,318,599 (2023 - nil). Income tax expenses of \$27,809 (2023 - \$125,622) was adjusted to reflect income taxes paid of \$116,854 (2023 - \$8,768). There was a decrease of \$596,558 in other net working capital items during the year ended August 31, 2024 (2023 - increase of \$434,272).

Financing activities for the year ended August 31, 2024, provided \$26,971,240 (2023 - used \$2,231,746). The cash provided in the year ended August 31, 2024, consists of borrowing, net of transaction costs, of \$67,774,836 less borrowings repaid of \$36,627,411. This was reduced by the cash used in the year ended August 31, 2024, for the purchase of common shares under the NCIB of \$911,132 (2023 - \$1,481,101); a cash dividend of \$3,074,453 (2023 - \$569,373) and payment of lease liabilities of \$190,600 (2023 - \$181,272).

Investing activities for the year ended August 31, 2024, were \$47,857,807 (2023 - \$21,017,763). The cash used in investing activities for the year ended August 31, 2024, was for investments of \$120,000,000 (2023 - \$25,000,000), less the net proceeds from the sale of equity and other investments of \$72,142,193 (2023 - \$3,982,237).



Queen's Road Capital Investment Ltd.
Management's Discussion and Analysis

Year ended August 31, 2024

Liquidity and Capital Resources (continued)

Capital Resources and Liquidity Risk

The Company's cash position as at August 31, 2024, was \$1,093,963 (2023 - \$14,745,031) and the Company's has a negative working capital of \$29,442,540 (2023 - \$15,179,336). The negative working capital is due to a secured margin loan, and that loan is supported and over-collateralized by marketable securities with sufficient liquidity to repay the loan if required. The Company has long-term lease liabilities of nil as at August 31, 2024 (2023 - \$125,996). Borrowings comprise of a secured margin loan with no fixed terms of repayment.

As at August 31, 2024, the Company believes there is sufficient working capital available to meet its current operational requirements. The Company may raise more capital for investment allocation or refinancing from time-to-time as required.

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.

Material Accounting Policies

The financial information presented in this MD&A has been prepared in accordance with IFRS Accounting Standards. 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 material 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, 2024.

Significant Judgments

The preparation of 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 accounting policies in the Company's annual consolidated financial statements include the valuation of investments.



Queen's Road Capital Investment Ltd.
Management's Discussion and Analysis

Year ended August 31, 2024

Capital Commitments

On July 17, 2024, the Company committed to purchase \$50 million convertible debentures issued by Moxico. On July 17, 2024, the Company purchased \$20 million convertible debentures issued by Moxico. On October 21, 2024, the Company purchased a further \$10 million convertible debentures issued by Moxico. The Company has committed to purchase the remaining \$20 million convertible debentures by November 30, 2024.

Off Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions between Related Parties

The following related party transactions were conducted in the normal course of business during the year ended August 31, 2024, and August 31, 2023:

	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.

Outstanding Share Data

The Company has the following common shares and stock options, outstanding as August 31, 2024, and August 31, 2023, and the date of this report.



Queen's Road Capital Investment Ltd.
Management's Discussion and Analysis

Year ended August 31, 2024

Outstanding Share Data (continued)

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, 2024, there were 455,485,496 issued and outstanding common shares (2023 - 450,356,514 shares). As at the date of this report there were 479,189,377 issued and outstanding common shares.

On September 18, 2024, the Company issued 21,428,571 common shares in 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 Investments Pte Ltd., a significant shareholder, subscribed for 3,971,424 common shares; and a director of the Company subscribed for 4,857,143 common shares.

From September 1, 2024, to November 14, 2024, the Company issued 2,282,810 shares on the exercise of share options.

The Company has purchased 1,523,978 common shares during the year ended August 31, 2024, all have been cancelled (2023 - 5,171,171 common shares purchased and cancelled). As at November 15, 2024, the Company has purchased a further 147,565 common shares, 124,500 of which have been cancelled and 23,065 are held in treasury.

Stock Options

As at August 31, 2024 there were 38,650,000 stock options outstanding and exercisable with a weighted average price of C\$0.61 (2023 - 38,650,000 stock options, with a weighted-average exercise price of C\$0.61). From September 1, 2024, to November 14, 2024, 2,282,810 stock options were exercised. As at November 14, 2024 there are 36,367,190 stock options outstanding and exercisable with a weighted average price of C\$0.63.

Controls and Procedures

As of August 31, 2024, 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.



Queen's Road Capital Investment Ltd.
Management's Discussion and Analysis

Year ended August 31, 2024

Controls and Procedures (continued)

As at August 31, 2024, 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 Accounting Standards. 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.

Annual Information Form

The Company's Annual Information Form is filed on SEDAR+ at www.sedar+.com.