

Consolidated Financial Statements
(Expressed in United States dollars)



QUEEN'S ROAD CAPITAL INVESTMENT LTD.

For the Years Ended
August 31, 2025 and 2024



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, 2025 and August 31, 2024
- 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 policy information

(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, 2025 and August 31, 2024, 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, 2025. 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 \$269,872 thousand. 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.



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- 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 the auditor's report is Jonathan H.F. Wong.

Vancouver, Canada
November 14, 2025

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

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

As at August 31, 2025 and 2024

	Notes	2025	2024
Assets			
Current assets:			
Cash and cash equivalents		\$ 3,076	\$ 1,094
Prepays and deposits		131	126
Receivables	4	3,695	2,196
		6,902	3,416
Non-current assets:			
Investments	5	402,260	279,332
Right-of-use assets		470	108
		402,730	279,440
		\$ 409,632	\$ 282,856
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	7	\$ 1,143	\$ 1,106
Borrowings	9	29,104	31,626
Lease liabilities		175	126
		30,422	32,858
Non-current liabilities:			
Long-term lease liabilities		299	-
		30,721	32,858
Shareholders' equity:			
Share capital		202,483	177,327
Reserve		15,627	19,651
Retained earnings		160,801	53,020
		378,911	249,998
		\$ 409,632	\$ 282,856

Subsequent events 17

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 thousands of United States dollars, except share and per share numbers)

Years ended August 31, 2025 and 2024

	Notes	2025	2024
Income from investments:			
Interest and other income	5	\$ 19,067	\$ 14,453
Establishment fee income	5	1,200	3,600
Realized gain from investments	5	2,612	5,758
Unrealized gain (loss) from investments	5	97,285	(614)
Total income from investments		120,164	23,197
Operating expenses:			
Business development and marketing		318	372
Depreciation		185	187
Foreign exchange loss		108	92
Management and director fees	8	1,986	1,914
Office and administration		330	287
Professional and regulatory fees		600	475
Total operating expenses		3,527	3,327
Income before income taxes and interest expense		116,637	19,870
Interest expense	6	1,573	1,807
Income before income taxes		115,064	18,063
Income tax (recovery) expense	14	(11)	28
Net income and comprehensive income		\$ 115,075	\$ 18,035
Net income per common share:			
Basic	11	\$ 2.36	\$ 0.40
Diluted	11	2.22	0.37
Weighted average number of common shares - basic	11	48,659,592	45,488,736
Weighted average number of common shares - diluted	11	51,844,346	49,353,736

See accompanying notes to these consolidated financial statements.

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

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

Years ended August 31, 2025 and 2024

	Notes	Issued number of shares ⁽¹⁾	Share capital	Treasury shares	Reserves	Retained earnings	Shareholders' equity
Balance, August 31, 2024		45,548,550	\$ 177,327	\$ -	\$ 19,651	\$ 53,020	\$ 249,998
Shares issued - private placement	10(a)	2,142,857	11,025	-	-	-	11,025
Shares issued - options exercised	10(a)	1,336,600	9,306	-	(4,024)	-	5,282
Shares issued - dividend reinvestment plan	10(a)	1,135,253	5,653	-	-	(5,653)	-
Shares issued - share consolidation	10(a)	3	-	-	-	-	-
Shares purchased	10(a)	-	-	(964)	-	-	(964)
Shares canceled	10(a)	(204,013)	(828)	964	-	(136)	-
Dividend - paid in cash	10(e)	-	-	-	-	(1,505)	(1,505)
Net income		-	-	-	-	115,075	115,075
Balance, August 31, 2025		49,959,250	\$ 202,483	\$ -	\$ 15,627	\$ 160,801	\$ 378,911
Balance, August 31, 2023		45,035,651	\$ 174,779	\$ -	\$ 19,651	\$ 41,518	\$ 235,948
Shares issued - dividend reinvestment plan	10(a)	665,296	3,144	-	-	(3,144)	-
Shares purchased	10(a)	-	-	(911)	-	-	(911)
Shares canceled	10(a)	(152,397)	(596)	911	-	(315)	-
Dividend - paid in cash	10(e)	-	-	-	-	(3,074)	(3,074)
Net income		-	-	-	-	18,035	18,035
Balance, August 31, 2024		45,548,550	\$ 177,327	\$ -	\$ 19,651	\$ 53,020	\$ 249,998

⁽¹⁾ The Company implemented a consolidation of its common shares in January 2025, and the number of common shares has been retrospectively adjusted. Refer to Note 1 for further information.

See accompanying notes to these consolidated financial statements.

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

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

Years ended August 31, 2025 and 2024

	Notes	2025	2024
Cash flows provided by (used in):			
Operating activities:			
Net income		\$ 115,075	\$ 18,035
Items not affecting cash:			
Interest income on convertible debentures	5(c)	(19,007)	(14,224)
Other income	5(c)	(60)	(229)
Establishment fee income	5(c)	(600)	(2,100)
Realized gain on investments	5	(2,612)	(5,758)
Unrealized (gain) loss on investments	5	(97,285)	614
Depreciation		185	187
Interest expense and financing costs	6	1,560	1,797
Interest expense on lease liabilities	6	13	10
Income tax (recovery) expense	14	(11)	28
Unrealized foreign exchange loss		72	5
Interest received on convertible debentures	5(c)	13,118	9,494
Other interest income received	5(c)	62	229
Interest expense paid on borrowings	9	(1,592)	(1,319)
Interest expense paid on lease liabilities		(13)	(10)
Income taxes paid		(14)	(117)
		8,891	6,642
Change in non-cash operating working capital:			
Other receivables		(755)	506
Prepaid expenses and advances		(5)	(10)
Accounts payable and accrued liabilities		61	101
Cash flows provided by operating activities		8,192	7,239
Financing activities:			
Common shares issued - private placement	10(a)	11,025	-
Common shares issued - options	10(a)	5,282	-
Common shares purchased	10(a)	(964)	(911)
Dividends paid	10(e)	(1,505)	(3,074)
Payment of lease liabilities		(200)	(192)
Borrowings drawn, net of transaction costs	9	45,955	67,775
Borrowings repaid	9	(48,445)	(36,627)
Cash flows provided by financing activities		11,148	26,971
Investing activities:			
Acquisition of investments	5	(41,164)	(120,000)
Proceeds from sale of equity investments	5	23,876	72,142
Cash flows used in investing activities		(17,288)	(47,858)
Increase (decrease) in cash		2,052	(13,648)
Cash, beginning of the year		1,094	14,745
Effect of currency translation on cash		(70)	(3)
Cash, end of the year		\$ 3,076	\$ 1,094

Supplemental disclosure with respect to cash flows 15

See accompanying notes to these consolidated financial statements.

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Notes to Consolidated Financial Statements

(Expressed in thousands of United States dollars, unless otherwise indicated)

Years ended August 31, 2025 and 2024

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".

On January 10, 2025, the Company's Board of Directors approved the consolidation of the Company's issued and outstanding common shares at a consolidation ratio of ten (10) pre-consolidation common shares for every post-consolidation common share (the "Share Consolidation"). Outstanding stock options were similarly adjusted by the Share Consolidation ratio. The Share Consolidation resulted in 490,401,845 pre-consolidated common shares on January 10, 2025 being consolidated into 49,040,187 post-consolidation common shares on January 15, 2025. The Share Consolidation was implemented with effect from January 15, 2025. In accordance with IFRS Accounting Standards, the change has been applied retrospectively and as a result disclosures of common shares, per common share data and data related to stock options in the accompanying condensed interim consolidated financial statements and related notes reflect this Share Consolidation for all periods presented unless otherwise specified.

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 14, 2025.

(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.

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Notes to Consolidated Financial Statements

(Expressed in thousands of United States dollars, unless otherwise indicated)

Years ended August 31, 2025 and 2024

2. Basis of presentation (continued):

(b) Basis of presentation (continued):

These consolidated financial statements present amounts in thousands of United States dollars (\$), except for disclosures of common shares, per common share data, and data related to stock options or where otherwise stated. All figures have been rounded to the nearest thousand.

(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.

(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.

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Notes to Consolidated Financial Statements

(Expressed in thousands of United States dollars, unless otherwise indicated)

Years ended August 31, 2025 and 2024

2. Basis of presentation (continued):

(d) Significant judgements (continued):

(i) Valuation of investments (continued):

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.

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.

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Notes to Consolidated Financial Statements

(Expressed in thousands of United States dollars, unless otherwise indicated)

Years ended August 31, 2025 and 2024

2. Basis of presentation (continued):

(d) Significant judgements (continued):

(i) Valuation of investments (continued):

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 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 translations:

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.

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Notes to Consolidated Financial Statements

(Expressed in thousands of United States dollars, unless otherwise indicated)

Years ended August 31, 2025 and 2024

3. Material accounting policies (continued):

(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.

Interest income on convertible debentures are 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.

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Notes to Consolidated Financial Statements

(Expressed in thousands of United States dollars, unless otherwise indicated)

Years ended August 31, 2025 and 2024

3. Material accounting policies (continued):

(e) Financial instruments (continued):

Financial assets (continued):

(ii) Classification of financial assets (continued):

(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.

(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 interest 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.

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Notes to Consolidated Financial Statements

(Expressed in thousands of United States dollars, unless otherwise indicated)

Years ended August 31, 2025 and 2024

3. Material accounting policies (continued):

(e) Financial instruments (continued):

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.

(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 services.

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.

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Notes to Consolidated Financial Statements

(Expressed in thousands of United States dollars, unless otherwise indicated)

Years ended August 31, 2025 and 2024

3. Material accounting policies (continued):

(g) Share-based payments (continued):

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.

(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.

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Notes to Consolidated Financial Statements

(Expressed in thousands of United States dollars, unless otherwise indicated)

Years ended August 31, 2025 and 2024

3. Material accounting policies (continued):

(j) Future accounting policy changes:

Presentation and disclosure in financial statements (IFRS 18):

IFRS 18 will replace IAS 1, *Presentation and disclosure in financial statements* and applies for annual reporting periods beginning on or after January 1, 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statements of comprehensive income, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures ("MPMs") are disclosed in a single note in these financial statements.
- Enhanced guidance is provided on how to group information in these financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statements of cash flows when presenting operating cash flows under the indirect method.

The Company is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Company's statements of comprehensive income, the statements of cash flows and the additional disclosures required for MPM. The Company is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as "other".

Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7):

The IASB has issued amendments to IFRS 9 and IFRS 7 in May 2024. These amendments relate to classification of financial assets and accounting for settlement by electronic payments in the context of the classification and measurement requirements in IFRS 9. The potential impact may include, but is not limited to, a change in timing of recognition and derecognition of financial instruments in certain situations in which settlement of a financial instruments with another takes more than a day. Similarly, a change may be required for entities that derecognize both trade payable and cash on the payment initiation date even if the creditor has not yet received the cash. However, an accounting policy choice is available for derecognizing certain financial liabilities that are settled using an electronic payment system subject to certain criteria being met.

The amendments will be effective from January 1, 2026. Management is currently assessing the impact of the new standard, but it is not expected to have a significant impact on the Company's financial statements.

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Notes to Consolidated Financial Statements

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Years ended August 31, 2025 and 2024

4. Receivables:

Receivables consist of the following:

		2025		2024
Interest receivable on convertible debentures	\$	2,942	\$	2,196
Other interest receivable		2		-
Due from a related party (note 8)		751		-
	\$	3,695	\$	2,196

5. Investments:

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

		2025		2024
Equity investments:				
NexGen Energy Ltd. ⁽¹⁾	(a) \$	82,402	\$	64,170
Other equity investments ⁽²⁾	(b)	49,986		27,437
		132,388		91,607
Convertible debentures:	(c)			
Contango ORE, Inc.		17,972		17,222
Gold Royalty Corp.		65,353		28,184
Moxico Resources plc ⁽³⁾		65,928		18,162
NexGen Energy Ltd. ⁽¹⁾		92,094		77,822
Other convertible debentures ⁽²⁾		28,525		46,335
		269,872		187,725
	\$	402,260		\$279,332

(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) In January 2025 and August 2025, the Company received common shares of \$9,690 and \$7,517, respectively, upon the conversion of certain other convertible debentures.

(3) The Company purchased debentures issued by Moxico Resources plc ("Moxico"): \$20,000 on July 17, 2024; \$10,000 on October 21, 2024; \$10,000 on December 6, 2024; \$5,000 on February 18, 2025; \$5,000 on April 1, 2025, and \$10,000 on June 18, 2025. These debentures all form part of the same debentures issued with a maturity date of July 17, 2029.

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Notes to Consolidated Financial Statements

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Years ended August 31, 2025 and 2024

5. Investments (continued):

The continuity of the Company's investments during the year ended August 31, 2025, is as follows:

	August 31, 2024	August 31, 2024	Net proceeds from disposition	Realized gain (loss)	Unrealized gain	August 31, 2025
		Additions ⁽¹⁾	(⁽²⁾)			
Equity investments	\$ 91,607	\$ 24,114	\$ (23,876)	\$ 6,200	\$ 34,343	\$ 132,388
Convertible debentures	187,725	40,000	(17,207)	(3,588)	62,942	269,872
	\$ 279,332	\$ 64,114	\$ (41,083)	\$ 2,612	\$ 97,285	\$ 402,260

(1) Additions of equity investments of \$24,114 comprise \$9,690 common shares received on the conversion of other debentures in January 2025, \$7,517 common shares received on the conversion of other debentures in August 2025, \$5,143 common shares received for the settlement of interest receivable, \$600 common shares received for the settlement of establishment fees and \$1,164 common shares purchased (note 15). Additions of convertible debentures of \$40,000 comprise Moxico debentures of \$10,000 purchased on October 21, 2024; \$10,000 on December 6, 2024; \$5,000 on February 18, 2025; \$5,000 purchased on April 1, 2025, and \$10,000 purchased on June 18, 2025.

(2) Net proceeds from disposition of equity investments of \$23,876 comprise proceeds from the sale of other equity investments. Net proceeds from the disposition of convertible debentures of \$17,207 comprised the value of the common shares received on the conversion of debentures in January 2025 and August 2025 (note 15).

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

	August 31, 2023	August 31, 2023	Net proceeds from disposition	Realized gain	Unrealized (loss) gain	August 31, 2024
		Additions ⁽¹⁾	(⁽²⁾)			
Equity and other investments	\$ 80,768	\$ 83,175	\$ (72,142)	\$ 1,561	\$ (1,754)	\$ 91,607
Convertible debentures	139,831	120,000	(77,445)	4,197	1,140	187,725
	\$ 220,599	\$ 203,175	\$ (149,587)	\$ 5,758	\$ (614)	\$ 279,332

(1) Additions of equity and other investments of \$83,175 comprise \$53,935 NexGen common shares received on conversion of the NexGen 2020 debentures on September 28, 2023; \$23,510 Adriatic common shares received on conversion of the Adriatic debentures on March 1, 2024; \$2,100 investments received for the settlement of establishment fees and \$3,631 investments received for the settlement of interest receivable (note 15). Additions of convertible debentures \$120,000 comprise \$70,000 NexGen debentures purchased on September 23, 2023; \$30,000 Gold Royalty debentures purchased on December 15, 2023, and \$20,000 Moxico debentures purchased on July 17, 2024.

(2) Net proceeds from the disposition of equity and other investments of \$72,142 comprise \$45,240 from the sale of NexGen shares to WSHP (note 5(a)), \$14,806 from the redemption of Osisko Green Acquisition Ltd. Class A common shares, and \$12,096 proceeds from the sale of other equity investments. Net proceeds from the disposition of convertible debentures of \$77,445 comprise \$53,935 NexGen common shares received on the conversion of the NexGen 2020 debentures on September 28, 2023, and \$23,510 Adriatic common shares received on the conversion of the Adriatic debentures on March 1, 2024 (note 15).

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Notes to Consolidated Financial Statements

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Years ended August 31, 2025 and 2024

5. Investments (continued):

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

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

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

The fair value of the NexGen 10,475,128 common shares held at August 31, 2025, is \$82,402 (2024 - 10,675,128 NexGen common shares at fair value \$64,170). The fair value at August 31, 2025, is estimated using the closing market price (2024 - the fair value is estimated at the agreed sale price to Washington H. Soul Pattinson and Company Ltd. ("WHSP") for 8,700,000 common shares and the closing market price for the remaining shares.

(b) Other investments held for investment purposes:

The Company holds common shares in listed and unlisted entities. The shares 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 for investment purpose.

The estimated fair value of other equity investments at August 31, 2025, is \$49,986 (2024 - \$27,437).

The fair value for shares traded on a stock market is estimated using the closing market price of the shares on the relevant date. The fair value for equity 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 or other third-party evidence.

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Years ended August 31, 2025 and 2024

5. Investments (continued):

(c) 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\$000	Issue date ⁽²⁾	Maturity date	Annual coupon	Annual coupon settled by	Conversion price ⁽³⁾	Redemption
Contango ORE, Inc. ("Contango") ⁽⁴⁾	20,000	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	December 15, 2023	December 15, 2028	10.0%	Cash 7.0% Shares 3.0%	\$1.90 ⁽⁸⁾	(8)
Moxico Resources plc ("Moxico") ⁽⁵⁾	60,000	July 17, 2024 ⁽⁹⁾	July 17, 2029 ⁽⁹⁾	11.0%	Cash 7.5% ⁽⁹⁾ Shares 3.5% ⁽⁹⁾	GBP0.90 ⁽⁹⁾	(9)
NexGen Energy Ltd. ("NexGen") ⁽⁴⁾	70,000	September 22, 2023	September 22, 2028	9.0%	Cash 6.0% Shares 3.0%	US\$6.76	(6)
Other convertible debentures ⁽⁴⁾	Various (4,000 to 15,000)	Various (2021 to 2022)	Various (2026 to 2027)	Various (8.0% to 10%)	Various Cash 5.0% to 7.0% Shares 2.0% to 3.0%	Various	(6)

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 entities.
- (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) *Moxico*: The Company purchased \$20,000 debentures on July 17, 2024, \$10,000 debentures on October 21, 2024, \$10,000 debentures on December 6, 2024, \$5,000 on February 18, 2025, \$5,000 on April 1, 2025 and \$10,000 on June 18, 2025. These debentures all form part of the same debentures with a maturity date of July 17, 2029. Interest can be settled by between 7.5% to 11% per annum in cash and between 0% and 3.5% per annum in shares, at the election of the issuer. 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 and July 31, 2027. The issuer also has redemption rights on certain defined change of control events.

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Notes to Consolidated Financial Statements

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Years ended August 31, 2025 and 2024

5. Investments (continued):

(c) Investments in convertible debentures (continued):

During the year ended August 31, 2025, the Company received establishment fees of \$1,200 on convertible debentures of \$40,000 issued by Moxico, \$600 settled in cash and \$600 settled in common shares of Moxico. During the year ended August 31, 2024, the Company received establishment fees of \$3,600 comprising \$2,100 on convertible debentures of \$70,000 issued by NexGen, settled in common shares of NexGen; \$900 on convertible debentures of \$30,000 issued by Gold Royalty and \$600 on convertible debentures of \$20,000 issued by Moxico, both settled in cash.

The estimated fair value of convertible debentures at August 31, 2025, is \$269,872 (August 31, 2024 - \$187,725). 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.

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Years ended August 31, 2025 and 2024

5. Investments (continued):

(c) Investments in convertible debentures (continued):

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

August 31, 2025	Contango	Gold Royalty	Moxico	NexGen	Others
Expected life (years)	2.7	3.3	3.9	3.1	0.8 to 2.3
Market price volatility ⁽¹⁾	66%	56%	57%	53%	50% to 78%
Modeled price volatility ⁽²⁾	50%	38%	38%	38%	45% to 70%
Risk-free interest rate	3.7%	3.7%	4.0%	3.7%	2.6% to 3.3%
Coupon interest rate	9.0%	10.0%	11.0%	9.0%	8.0% to 10.0%
Expected dividend yield	-%	-%	-%	-%	-%
Credit spread	30%	21%	26%	17%	27% to 29%
Underlying share price of the investee ⁽³⁾	\$22.03	\$3.62	GBP0.80	\$7.88	Various
Conversion price	\$30.50	\$1.90	GBP0.90	\$6.76	Various
Exchange rate (C\$ - \$)	-	-	-	-	0.7277
Exchange rate (A\$ - \$)	-	-	-	-	0.6540
Exchange rate (GBP - \$)	-	-	1.3504	-	-

⁽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.

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Years ended August 31, 2025 and 2024

5. Investments (continued):

(c) Investments in convertible debentures (continued):

August 31, 2024	Contango	Gold Royalty	Moxico	NexGen	Others
Expected life (years)	3.7	4.3	4.9	4.1	1.0 to 3.3
Market price volatility (1)	66%	60%	60%	61%	40% to 81%
Modeled price volatility (2)	45%	35%	34%	38%	32% to 65%
Risk-free interest rate	3.8%	3.8%	3.8%	3.8%	3.2% to 3.9%
Coupon interest rate	9.0%	10.0%	11.0%	9.0%	8.0% to 10.0%
Expected dividend yield	-%	-%	-%	-%	-%
Credit spread	30%	21%	23%	18%	18% to 29%
Underlying share price of the investee (3)	\$21.52	\$1.31	GBP0.60	\$6.03	Various
Conversion price	\$30.50	\$1.90	GBP0.90	\$6.76	Various
Exchange rate (C\$ - \$)	-	-	-	-	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.

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Years ended August 31, 2025 and 2024

5. Investments (continued):

(c) Investments in convertible debentures (continued):

For the year ended August 31, 2025, the Company has recorded interest income on convertible debentures of \$19,007 (August 31, 2024 - \$14,224). During the year ended August 31, 2025, the Company received interest payments of \$18,261 of which \$13,118 was settled in cash and \$5,143 was settled in common shares (August 31, 2024 - received \$13,125 of which \$9,494 was in cash and \$3,631 in common shares).

For the year ended August 31, 2025, the Company recorded interest income on cash balances of \$60 and received interest income of \$62 (August 31, 2024 - recorded and received \$229).

6. Interest expense:

Interest expense consist of the following:

	2025	2024
Interest expense on borrowings (note 9)	\$ 1,560	\$ 1,797
Interest expense on lease liabilities	13	10
	<u>\$ 1,573</u>	<u>\$ 1,807</u>

7. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of the following:

	2025	2024
Accounts payable	\$ 48	\$ 6
Accrued liabilities	178	190
Taxation liabilities	3	28
Due to related parties (note 8)	914	882
	<u>\$ 1,143</u>	<u>\$ 1,106</u>

8. Related party transactions:

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

	2025	2024
Management fee	\$ 1,887	\$ 1,826
Directors' fees	99	88
	<u>\$ 1,986</u>	<u>\$ 1,914</u>

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8. Related party transactions (continued):

As of August 31, 2025, receivables include an amount of \$751 due from a director of the Company relating to amounts advanced to fund the exercise of share options in the Company (August 31, 2024 - nil) (note 4). This amount is non-interest-bearing and has no fixed repayment terms.

As of August 31, 2025, accounts payable and accrued liabilities include an amount of \$914 (August 31, 2024 - \$882) due to directors and officers of the Company, and/or companies controlled by these directors, relating to fees and expense reimbursement (note 7). These amounts are unsecured, non-interest-bearing, and have no fixed repayment terms.

As of August 31, 2025, the Company holds equity investments and convertible debentures in Gold Royalty, Moxico, and NexGen, companies with a common director, and IsoEnergy Limited, a company controlled by NexGen. The estimated fair value of equity investments and convertible debentures of these related companies, on August 31, 2025, is \$331,725 (August 31, 2024 - \$215,816). Establishment fee income for the year ended August 31, 2025, is \$1,200 (August 31, 2024 - \$3,600), and interest income on convertible debentures is \$14,735 (August 31, 2024 - \$10,067) from these related companies.

Corom Pty Ltd. ("Corom"), a company controlled by a relative of a director of the Company and a significant shareholder of the Company, purchased 553,022 common shares of the 2,142,857 common shares issued by the Company in a private placement on September 18, 2024 (note 10(a)).

A director of the Company purchased 485,714 common shares of the 2,142,857 common shares issued by the Company in a private placement on September 18, 2024 (note 10(a)) and became a significant shareholder.

During the year ended August 31, 2025, the Company sold \$556, of investments in shares to a member of management, who is also a director. The transaction was settled in cash, resulting in a realized gain of \$6.

During the year ended August 31, 2025, directors of the Company exercised 1,300,000 options at C\$6.40 per share (note 10(c)).

9. Borrowings:

Borrowings consist of the following:

	August 31, 2025	August 31, 2024
Margin loan, secured	\$ 29,104	\$ 31,626

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Years ended August 31, 2025 and 2024

9. Borrowings (continued):

The movement in borrowings for the year ended August 31, 2025, consists of the following:

	Margin loan		Bank loan		Total
Balance, beginning of the year	\$	31,626	\$	-	\$ 31,626
Loan drawdowns		45,955		-	45,955
Interest expenses		1,560		-	1,560
Loan repayments		(48,445)		-	(48,445)
Interest expense payments		(1,592)		-	(1,592)
Balance, end of year	\$	29,104	\$	-	\$ 29,104

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

	Margin loan		Bank loan		Total
Balance, beginning of the year	\$	-	\$	-	\$ -
Loan draw downs, net of financing costs		45,600		22,175	67,775
Interest expenses and financing costs		304		1,493	1,797
Loan repayments		(14,127)		(22,500)	(36,627)
Interest expense payments		(151)		(1,168)	(1,319)
Balance, end of year	\$	31,626	\$	-	\$ 31,626

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, 2025, was 5.1% (August 31, 2024 - 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 repayment term. The loan is secured over the cash and securities held by the brokerage firm, with a value of \$118,228 on August 31, 2025 (August 31, 2024 - \$89,671). Margin requirements are calculated by the brokerage firm and advised daily. If the loan's value exceeds 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 liquidate securities within the portfolio to bring the loan back into compliance with margin requirements. The loan complied with the margin requirements on August 31, 2025, and August 31, 2024.

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Years ended August 31, 2025 and 2024

10. Share capital:

(a) Common shares:

As of January 15, 2025, the Company completed a share consolidation of the Company's issued and outstanding shares (the "Share Consolidation") at a consolidation ratio of ten (10) pre-consolidation common shares for every one (1) post-consolidation common share. All disclosures of common shares, per common share data and data related to stock options reflect this Share Consolidation for all periods presented.

Authorized:

500,000,000 common shares with a par value of C\$0.01 each, amended from 5,000,000,000 common shares with a par value of C\$0.001 before the Share Consolidation.

Issued and outstanding:

49,959,250 common shares at August 31, 2025 (August 31, 2024 - 45,548,550).

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

	2025	2024
Shares issued, fully paid and outstanding:		
Balance, beginning of year	45,548,550	45,035,651
Issued by private placement	2,142,857	-
Issued on exercise of share options	1,336,600	-
Issued in settlement of dividend	1,135,253	665,296
Issued on rounding up on share consolidation	3	-
Purchased through NCIB and canceled	(204,013)	(152,397)
Balance, end of year	49,959,250	45,548,550

Share transactions during the year ended August 31, 2025, were as follows:

- 2,142,857 common shares of the Company were issued on September 18, 2024 at C\$7.00 per share for gross proceeds of \$11,025 through a non-brokered private placement. The private placement included shares purchased by two related parties: Corom and a director of the Company (note 8). BBFIT Investments Pte Ltd., a significant shareholder of the Company, purchased 397,142 common shares of the 2,142,857 shares issued.
- \$5,282 was received in cash, and \$4,024 was transferred from share-based reserves to share capital for the issue of the 1,336,600 common shares on the exercise of the share options.

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Notes to Consolidated Financial Statements

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Years ended August 31, 2025 and 2024

10. Share capital (continued):

(a) Common shares (continued):

Share transactions during the year ended August 31, 2025, were as follows (continued):

- 1,135,253 shares of the Company were issued on November 14, 2024, as fully paid shares for the settlement of dividends of C\$0.21 per share, based on a share price of C\$7.00. \$5,653 was transferred from retained earnings to share capital.
- 204,013 shares of the Company, repurchased through the Normal Course Issuer Bid ("NCIB") were canceled: 750 shares on November 4, 2024; 11,700 shares on November 14, 2024; 2,307 shares on November 29, 2024; 6,900 shares on February 28, 2025; 117,356 shares on May 30, 2025 and 65,000 shares on August 29, 2025.

The total cost of the shares canceled, including commission, was \$964, an average cost of C\$6.61 per share. \$828 representing the average issue price of the canceled shares, was transferred from the treasury share reserve to share capital. The remaining \$136 was transferred from the treasury share reserve to retained earnings.

- All shares repurchased under the NCIB were cancelled as of August 31, 2025, and no shares were held in treasury.

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

- 665,296 shares of the Company were issued on November 16, 2023, as fully paid shares for the settlement of dividends of C\$0.19 per share, based on a share price of C\$6.50. \$3,144 was transferred from retained earnings to share capital.
- 152,397 shares of the Company, repurchased through the Normal Course Issuer Bid ("NCIB") were canceled: 17,850 shares on November 6, 2023; 23,381 shares on November 20, 2023; 27,509 shares on February 29, 2024; 57,388 shares on May 31, 2024 and 26,269 shares on August 31, 2024.

The total cost of the shares canceled, including commission, was \$911 an average cost of C\$8.17 per share. \$596, representing the average issue price of the canceled shares, was transferred from the treasury share reserve to share capital. The remaining \$315 was transferred from the treasury share reserve to retained earnings.

- All shares repurchased under the NCIB were cancelled as of August 31, 2024, and no shares were held in treasury.

(b) Warrants:

There were no warrants outstanding on August 31, 2025, and August 31, 2024.

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(Expressed in thousands of United States dollars, unless otherwise indicated)

Years ended August 31, 2025 and 2024

10. Share capital (continued):

(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 during the year ended August 31, 2025, or the year ended August 31, 2024.

The number of options outstanding at August 31, 2025, was 2,528,400 with a weighted average exercise price of C\$6.40 (August 31, 2024 - 3,865,000 with a weighted average exercise price of C\$6.13).

The continuity of the Company's stock options is as follows:

	2025	2024
Balance, beginning of year	3,865,000	3,865,000
Exercised	(1,336,600)	-
Balance, end of year	2,528,400	3,865,000

1,336,600 options of the Company were exercised during the year ended August 31, 2025, as follows:

- 115,860 options at C\$3.00 per share were exercised by a director on October 11, 2024.
- 15,000 options at C\$5.50 per share were exercised by a consultant on October 23, 2024.
- 97,421 options at C\$3.00 per share were exercised by a director on November 11, 2024.
- 86,719 options at C\$3.00 per share were exercised by a director on January 31, 2025.
- 800,000 options at C\$6.40 per share were exercised by a director on March 3, 2025.
- 21,600 options at C\$6.40 per share were exercised by an officer on March 4, 2025.
- 200,000 options at C\$6.40 per share were exercised by a director on July 14, 2025.

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Years ended August 31, 2025 and 2024

10. Share capital (continued):

(c) Stock options (continued):

A summary of the Company's outstanding options at August 31, 2025, is as follows:

Exercise price C\$	Number of options		Expiry date
	outstanding	exercisable	
6.40	2,528,400	2,528,400	February 28, 2027

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

Exercise price C\$	Number of options		Expiry date
	outstanding	exercisable	
3.00	300,000	300,000	February 3, 2025
5.50	15,000	15,000	February 18, 2025
6.40	3,550,000	3,550,000	February 28, 2027
	3,865,000	3,865,000	

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

The NCIB, a Company share repurchase program, was renewed for 12-months from November 22, 2024. Repurchases are conducted by a third-party broker. The current NCIB allows for the repurchase of up to 1,760,000 shares.

During the year ended August 31, 2025, there were purchases of 204,013 shares for cash of \$964 (2024 - purchases of 152,397 shares for cash of \$911).

(e) Dividend:

On October 11, 2024, the Company declared a dividend of C\$0.21 per share to all shareholders of record on November 4, 2024. The dividend of \$7,158 was paid on November 14, 2024, with \$1,505 paid in cash and \$5,653 settled by the issue of 1,135,253 shares under the Company's Dividend Reinvestment Plan ("DRIP").

On October 11, 2023, the Company declared a dividend of C\$0.19 per share to all shareholders of record on November 6, 2023. The dividend of \$6,218 was paid on November 16, 2023, with \$3,074 paid in cash and \$3,144 settled by the issue of 665,296 shares under the Company's Dividend Reinvestment Plan ("DRIP").

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Notes to Consolidated Financial Statements

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Years ended August 31, 2025 and 2024

11. Basic and diluted net income per share:

The basic net income per share is calculated using the weighted average number of common issued shares less the weighted average number of shares repurchased and held in treasury to derive the weighted average number of issued and outstanding shares as follows:

	2025	2024
Weighted average number of issued shares	48,695,619	45,501,208
Weighted average number of shares purchased and held in treasury	36,027	12,472
Weighted average number of issued and outstanding shares	48,659,592	45,488,736

Diluted net income per share was calculated using the weighted average number of common shares issued and outstanding, adjusted for the dilutive effect of 2,528,400 stock options (August 31, 2024 - 3,865,000 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, 2025, and August 31, 2024:

	2025	2024
Estimated fair value through profit and loss:		
Investments	\$ 402,260	\$ 279,332
Amortized cost:		
Cash and cash equivalents	3,076	1,094
Receivables	3,695	2,196
Accounts payable and accrued liabilities	1,143	1,106
Borrowings	29,104	31,626
Lease liabilities	474	126

As at August 31, 2025 and August 31, 2024, financial instruments that are not measured at estimated fair value on the balance sheet are represented by cash, 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.

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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 and common shares 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 to value these Level 3 investments.

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

August 31, 2025		Level 1		Level 2		Level 3
Investments at estimated fair value	\$	107,678	\$	227,227	\$	67,355

August 31, 2024		Level 1		Level 2		Level 3
Investments at estimated fair value	\$	91,607	\$	169,563	\$	18,162

There were asset transfers from Level 2 to Level 1 of \$20,795 due to the conversion of debentures into common shares. As at August 31, 2025, investments of \$23,283 were included in Level 2 which were transferred from Level 1 as a result of a corporate reorganization. There were asset transfers from Level 2 to Level 1 of \$73,247 due to the conversion of debentures into common shares during the year ended August 31, 2024.

The movement in Level 3 investments for the year ended August 31, 2025, consist of the following:

	Shares	Convertible debentures	Total
Balance, beginning of year	\$ -	\$ 18,162	\$ 18,162
Additions	1,830	40,000	41,830
Proceeds from disposals	(563)	-	(563)
Realized gain	6	-	6
Unrealized gain	154	7,766	7,920
Balance, end of year	\$ 1,427	\$ 65,928	\$ 67,355

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12. Financial instruments and risk management (continued):

The movement in Level 3 investments for the year ended August 31, 2024, consist of the following:

	Convertible debentures		Total
Balance, beginning of year	\$	-	\$ -
Additions		20,000	20,000
Unrealized (loss)		(1,838)	(1,838)
Balance, end of year	\$	18,162	\$ 18,162

The total unrealized gain recognized in Consolidated Statements of Income and Comprehensive Income for the year ended August 31, 2025, in respect of Level 3 investments in convertible debentures and common shares was \$7,920 (August 31, 2024 - \$1,838). The estimated 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 five-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, 2025 and August 31, 2024:

	August 31, 2025		August 31, 2024	
	5% Increase	5% Decrease	5% Increase	5% Decrease
Assumption:				
Share price	\$ 3,719	\$ (3,553)	\$ 691	\$ (389)
Volatility	136	(314)	308	(33)
Credit spread	(585)	610	(290)	301

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.

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12. Financial instruments and risk management (continued):

Financial risks (continued):

(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, 2025, that were made up of 34% NexGen; 24% Gold Royalty; 24% Moxico; 7% Contango; and 11% Others (2024 - 41% NexGen; 15% Gold Royalty; 10% Moxico; 9% Contango; and 25% Others).

(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.

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, 2025, the Company had no significant contractual obligations other than those included in accounts payable, accrued liabilities, borrowings and lease liabilities (August 31, 2024 - commitment to purchase \$30,000 convertible debentures issued by Moxico).

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

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(Expressed in thousands of United States dollars, unless otherwise indicated)

Years ended August 31, 2025 and 2024

12. Financial instruments and risk management (continued):

Financial risks (continued):

(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 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, 2025, 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, Canadian dollars ("C\$") and Australian dollars ("A\$"). The Company is exposed to interest rate risk on its borrowings arising from movements in the United States Federal Funds Effective Overnight Rate.

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

The Company is exposed to foreign currency risk due to 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 dollars equivalent of assets (liabilities) denominated in foreign currencies is as follows:

August 31, 2025	C\$	GBP	HK\$	A\$	Total
Cash	\$ 635	\$ -	\$ 19	\$ 1,444	\$ 2,098
Prepayments and deposits	1	-	56	-	57
Receivables	-	-	-	2	2
Investments	105,326	1,426	-	23,747	130,499
Accounts payable and accrued liabilities	(128)	(36)	(64)	-	(228)
Lease liabilities	-	-	(474)	-	(474)
Net assets (liabilities)	\$ 105,834	\$ 1,390	\$ (463)	\$ 25,193	\$ 131,954

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Years ended August 31, 2025 and 2024

12. Financial instruments and risk management (continued):

Financial risks (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, 2024	C\$	GBP	HK\$	A\$	Total
Cash	\$ 285	\$ -	\$ 21	\$ -	\$ 306
Prepayments and deposits	1	-	62	-	63
Investments	67,317	-	-	22,465	89,782
Accounts payable and accrued liabilities	(153)	(8)	(44)	-	(205)
Lease liabilities	-	-	(127)	-	(127)
Net assets (liabilities)	\$ 67,450	\$ (8)	\$ (88)	\$ 22,465	\$ 89,819

Based on the above net exposure as at August 31, 2025, 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 \$2,600 (2024 - \$1,800) 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 \$16,777 and a decrease of approximately \$17,500, respectively, in the value of investments and unrealized gain for the year ended August 31, 2025 (2024 - increase of approximately \$10,500 and decrease of approximately \$10,600).

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.

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Years ended August 31, 2025 and 2024

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, 2025 and 2024 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 generated from operations in Hong Kong, with a reduced rate of 8.25% on the first HK\$2 million of taxable income. 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:

	2025	2024
Net income before income taxes	\$ 115,064	\$ 18,063
Corporate tax rate	16.5%	16.5%
Expected income tax expense at statutory rate	\$ 18,986	\$ 2,980
Non-taxable income net of non-deductible expenses	(18,983)	(2,961)
Tax expense for current year	3	19
Tax expense for prior year	-	9
Tax recovery for prior year	(14)	-
Total income tax (recovery) expense	\$ (11)	\$ 28

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15. Supplemental disclosure with respect to cash flows:

Significant non-cash transactions in the year ended August 31, 2025 and 2024 were:

	2025	2024
Investments received for settlement of establishment fees (note 5)	\$ 600	\$ 2,100
Investments received for settlement of interest receivable (note 5)	5,143	3,631
Investments received on conversion of debentures (note 5)	17,207	77,445
Transfer from retained earnings to share capital for shares issued for options exercised (note 10(a))	4,024	-
Transfer from retained earnings to share capital for shares issued under the DRIP (note 10(e))	5,653	3,144

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. Subsequent events:

On September 11, 2025, the Company completed the purchase of \$10,000 of convertible debentures issued by Moxico, funded by an additional drawdown on the margin loan. 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 and form part of the same debentures maturing on July 17, 2029. An establishment fee of 3% of the principal amount was settled in shares.

On October 14, 2025, the Company declared a dividend of C\$0.23 per share to all shareholders of record on November 3, 2025. The dividend of C\$11,520 was paid on November 13, 2025, with C\$3,597 paid in cash and C\$7,923 settled by the issue of 959,314 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 27, 2025, 200,000 shares were issued as fully paid shares from the exercise of stock options by a director. The exercise was financed by a \$915 loan provided by the Company to the director. This loan is non-interest-bearing and has no fixed repayment terms. As of November 14, 2025, there are 2,328,400 stock options outstanding with a weighted average price of C\$6.40.