

Condensed Interim Consolidated Financial
Statements (Expressed in United States dollars)



QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Three and nine months ended May 31, 2023
(Unaudited)

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

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

As at May 31, 2023 and August 31, 2022
(Unaudited)

	Note	May 31, 2023	August 31, 2022
Assets			
Current assets:			
Cash		\$ 12,885,869	\$ 34,508,794
Prepays and deposits		127,944	111,155
Receivables	3	1,528,247	720,958
		14,542,060	35,340,907
Non-current assets:			
Investments at estimated fair value	4	189,765,543	196,751,187
Right-of-use assets		342,177	482,159
		190,107,720	197,233,346
		\$ 204,649,780	\$ 232,574,253

Liabilities and Shareholders' Equity

Current liabilities:			
Accounts payable and accrued liabilities	5	\$ 86,388	\$ 1,000,132
Lease liabilities		188,066	180,910
		274,454	1,181,042
Non-current			
Long-term lease liabilities		179,175	315,843
Shareholders' equity:			
Share capital		174,952,539	170,384,091
Reserve		19,651,119	17,072,967
Retained earnings		9,592,493	43,620,310
		204,196,151	231,077,368
		\$ 204,649,780	\$ 232,574,253

See accompanying notes to these condensed interim consolidated financial statements.

Approved on behalf of the Board:

“Warren Gilman” _____ Director

“Alex Granger” _____ Director

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

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

For the three months and nine months ended May 31, 2023 and 2022
(Unaudited)

	Note	Three months ended		Nine months ended	
		May 31, 2023	May 31, 2022	May 31, 2023	May 31, 2022
Income from investments:					
Interest income	4	\$ 2,093,550	\$ 1,194,720	\$ 6,045,632	\$ 3,063,583
Establishment fee income	4	-	720,000	720,000	720,000
Realized gain from investments	4	344,257	-	525,709	322,400
Unrealized (loss) gain from investments	4	(12,503,225)	(19,204,394)	(30,429,721)	3,253,338
Total (loss) gain from investments		(10,065,418)	(17,289,674)	(23,138,380)	7,359,321
Operating expenses (gain):					
Consulting		2,207	2,365	6,631	7,100
Depreciation		46,661	31,107	139,982	31,107
Directors' fees	6	16,500	15,750	49,500	47,250
Foreign exchange (gain) loss		(39,806)	(293,820)	223,151	(533,092)
Interest expense and financing costs		-	122,944	-	671,805
Interest expense on lease liabilities		4,637	4,427	15,285	4,427
Management fees	6	225,000	225,000	675,000	1,095,000
Office and administration		85,962	56,614	260,566	176,709
Office expenses and rent	6	8,992	37,312	26,135	221,416
Professional fees		55,965	65,573	179,004	156,798
Regulatory and transfer agent fees		715	(333)	112,543	63,486
Share-based compensation	7	-	1,310,441	2,578,152	6,221,604
Travel		64,980	16,828	234,210	28,022
Total operating expenses		471,813	1,594,208	4,500,159	8,191,632
Net loss and comprehensive loss		\$ (10,537,231)	\$ (18,883,882)	\$ (27,638,539)	\$ (832,311)
Net loss per common share:					
Basic	8	\$(0.02)	\$(0.04)	\$(0.06)	\$(0.00)
Diluted	8	\$(0.02)	\$(0.04)	\$(0.06)	\$(0.00)
Weighted average number of common shares - basic		451,115,732	445,444,343	448,858,730	340,333,117
Weighted average number of common shares - diluted		489,765,732	484,545,954	487,508,730	356,937,358

See accompanying notes to these condensed interim consolidated financial statements.

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

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

For the nine months ended May 31, 2023 and 2022
(Unaudited)

	Note	Issued number of Shares	Share capital	Treasury shares	Reserves	Retained earnings	Shareholders' equity
Balance, August 31, 2022		445,895,954	\$ 171,700,469	\$ (1,316,378)	\$ 17,072,967	\$ 43,620,310	\$ 231,077,368
Shares issued - dividend reinvestment plan	7	9,631,732	5,078,194	-	-	(5,078,194)	-
Shares purchased	7	-	-	(1,251,457)	-	-	(1,251,457)
Shares canceled	7	(4,723,462)	(1,826,124)	2,567,835	-	(741,711)	-
Share-based compensation	7	-	-	-	2,578,152	-	2,578,152
Dividend - paid in cash	7	-	-	-	-	(569,373)	(569,373)
Net loss for the period	-	-	-	-	-	(27,638,539)	(27,638,539)
Balance, May 31, 2023		450,804,224	\$ 174,952,539	\$ -	\$ 19,651,119	\$ 9,592,493	\$ 204,196,151
Balance, August 31, 2021		277,252,651	\$ 86,218,243	\$ -	\$ 12,345,537	\$ 50,488,137	\$ 149,051,917
Shares issued – exercise of stock options	7	8,000,000	4,747,536	-	(2,804,616)	-	1,942,920
Shares issued – dividend reinvestment plan	7	4,393,303	2,502,707	-	-	(2,502,707)	-
Shares issued – private placement, net of costs	7	156,250,000	78,231,983	-	-	-	78,231,983
Shares purchased and held in Treasury	7	-	-	(875,574)	-	-	(875,574)
Share-based compensation	7	-	-	-	6,221,604	-	6,221,604
Dividend – paid in cash	7	-	-	-	-	(882,672)	(882,672)
Net loss for the period	-	-	-	-	-	(832,311)	(832,311)
Balance, May 31, 2022		445,895,954	\$ 171,700,469	\$ (875,574)	\$ 15,762,525	\$ 46,270,447	\$ 232,857,867

See accompanying notes to these interim consolidated financial statements

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

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

For the nine months ended May 31, 2023 and 2022
(Unaudited)

Note	Nine months ended May 31, 2023	Nine months ended May 31, 2022
Cash flow provided by (used in):		
Operating activities:		
Net loss	\$ (27,638,539)	\$ (832,311)
Items not affecting cash:		
Interest income on convertible debentures	4 (5,791,927)	(3,007,472)
Establishment fee income	4 (450,000)	(720,000)
Realized gain on investments	4 (525,709)	(322,400)
Unrealized loss (gain) on investments	4 30,429,721	(3,253,338)
Depreciation	139,982	31,107
Interest expense and financing costs	-	671,805
Interest expense on lease liabilities	15,285	4,427
Share-based compensation	7 2,578,152	6,221,604
Unrealized foreign exchange loss (gain)	183,168	(552,529)
	(1,059,867)	(1,759,107)
Changes in working capital items:		
Other receivables	26,461	(16,241)
Prepaid expenses and advances	(16,789)	(191,496)
Accounts payable and accrued liabilities	(913,744)	(52,685)
Interest received on convertible debentures	4 3,924,230	2,017,520
Interest expense paid on bank loan	-	(434,107)
Interest expense paid on lease liabilities	(15,285)	-
Cash flow provided (used in) by operating activities	1,945,006	(436,116)
Financing activities:		
Common shares issued by private placement, net of costs	-	78,231,983
Common shares issued by stock option exercise	7 -	1,942,920
Common shares purchased	7 (1,251,457)	(875,574)
Dividends paid	7 (569,373)	(882,672)
Payment of lease liabilities	(130,530)	(18,587)
Borrowings, net of transaction costs	-	16,419,502
Borrowings repaid	-	(16,657,200)
Cash flow (used in) provided by financing activities	(1,951,360)	78,160,372
Investing activities:		
Acquisition of investments	4 (25,000,000)	(45,310,117)
Proceeds from sale of equity investments	4 3,565,578	590,866
Cash flow (used in) investing activities	(21,434,422)	(44,719,251)
(Decrease) increase in cash during the period	(21,440,776)	33,005,005
Cash and cash equivalents, beginning of the period	34,508,794	2,158,142
Effect of currency translation on cash	(182,149)	551,856
Cash and cash equivalents, end of the period	\$ 12,885,869	\$ 35,715,003

Supplemental disclosure with respect to cash flows (note 11)

See accompanying notes to these condensed interim consolidated financial statements

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Notes to Condensed Interim Consolidated Financial Statements
(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Three and Nine months ended May 31, 2023
(Unaudited)

1. Reporting entity and nature of operations:

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

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

2. Basis of presentation:

(a) Statement of compliance:

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* ("IAS 34") as issued by the *International Financial Accounting Standards Board* ("IASB") and interpretations of the *International Financial Reporting Interpretations Committee* ("IFRIC"). Accordingly, certain information and footnote disclosure normally included in annual consolidated financial statements prepared in accordance with *International Financial Reporting Standards* ("IFRS"), as issued by the IASB, have been omitted or condensed.

(b) Basis of presentation:

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

The condensed interim consolidated financial statements have been prepared using the same accounting policies and methods as those used in the audited financial statements for the year ended August 31, 2022. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended August 31, 2022.

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Notes to Condensed Interim Consolidated Financial Statements
(Tabular amounts expressed in United States dollars, unless otherwise indicated)

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(Unaudited)

3. Receivables:

Receivables consist of the following:

	May 31, 2023	August 31, 2022
Interest receivable on convertible debentures	\$ 1,455,208	\$ 621,458
Other receivables	73,039	99,500
	\$ 1,528,247	\$ 720,958

4. Investments at estimated fair value:

The Company had the following investments in public entities stated at estimated fair value:

	May 31, 2023	August 31, 2022
Equity and other investments:		
NexGen Energy Ltd. (a)	\$ 44,824,611	\$ 51,645,722
Osisko Green Acquisition Ltd. (b)	14,766,752	14,957,824
Other investments (c)	6,596,844	11,982,934
	66,188,207	78,586,480
Convertible debentures (d):		
Adriatic Metals PLC	23,669,517	19,305,637
Challenger Exploration Ltd.	12,140,385	-
Contango ORE, Inc.	19,112,178	18,327,105
IsoEnergy Ltd.	21,146,034	30,908,072
Los Andes Copper Ltd.	13,919,479	10,857,271
NexGen Energy Ltd.	33,589,743	38,766,622
	123,577,336	118,164,707
	\$ 189,765,543	\$ 196,751,187

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

	August 31, 2022	Additions	Net proceeds from disposition	Realized gain	Unrealized loss	May 31, 2023
Equity and other investments	\$ 78,586,480	\$ 2,483,946	\$ (3,565,578)	\$ 525,709	\$ (11,842,350)	\$ 66,188,207
Convertible debentures	118,164,707	24,000,000	-	-	(18,587,371)	123,577,336
	\$ 196,751,187	\$26,483,946	\$ (3,565,578)	\$ 525,709	\$ (30,429,721)	\$ 189,765,543

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Notes to Condensed Interim Consolidated Financial Statements
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Three and Nine months ended May 31, 2023
(Unaudited)

4. Investments at estimated fair value (continued):

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

	August 31, 2021	Additions	Net proceeds from disposition	Realized gain	Unrealized gain (loss)	May 31, 2022
Equity and other investments	\$ 55,970,983	\$ 22,405,097	\$ (590,866)	\$ 322,400	\$ 4,050,635	\$ 82,158,249
Convertible debentures	90,424,517	24,000,000	-	-	(797,297)	113,627,220
	<u>\$ 146,395,500</u>	<u>\$ 46,405,097</u>	<u>\$ (590,866)</u>	<u>\$ 322,400</u>	<u>\$ 3,253,338</u>	<u>\$ 195,785,469</u>

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:

On May 27, 2020, the Company purchased 11,611,667 common shares of NexGen, a company related by way of two common directors, at \$1.29 per share for a purchase price of \$15,000,000. The estimated fair value of the 11,611,667 NexGen shares at May 31, 2023 is \$44,824,611 (August 31, 2022 - NexGen 11,611,667 shares, estimated fair value \$51,645,722). The fair value is estimated using the closing market price of the shares on the relevant date.

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

On September 8, 2021, the Company purchased 2,000,000 Class A Restricted Voting Units for C\$10.00 per unit in Osisko for a purchase price of \$15,778,000. Each Class A Restricted Voting Unit comprised of one Class A Restricted Voting Share and one-half of one Warrant. The Restricted Voting Units split into shares and warrants on October 18, 2021. The warrants are included under other investments held for investment purposes. The estimated fair value of the 2,000,000 Class A Restricted Voting Shares at May 31, 2023 is \$14,766,752 (August 31, 2022 - \$14,957,824). The fair value is estimated using the closing market price of the shares on the relevant date.

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Notes to Condensed Interim Consolidated Financial Statements
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(Unaudited)

4. Investments at estimated fair value (continued):

(c) Other investments held for investment purposes:

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

The estimated fair value of other equity investments at May 31, 2023 is \$6,596,844 (August 31, 2022 - \$11,982,934).

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

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Notes to Condensed Interim Consolidated Financial Statements
(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Three and Nine months ended May 31, 2023
(Unaudited)

4. Investments at estimated fair value (continued):

(d) Investments in convertible debentures:

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

Issuer	Principal ⁽¹⁾ US\$	Issue date ⁽²⁾	Maturity date	Annual coupon	Annual coupon settled by	Conversion price ⁽⁶⁾	Redemption
Adriatic Metals PLC ("Adriatic")	20,000,000	Dec 1, 2020	Dec 1, 2024	9.5% ⁽³⁾	Cash 9.5%	A\$2.7976	(9)
Challenger Exploration Ltd. ("Challenger")	15,000,000	Sep 12, 2022	Sep 12, 2026	9.0%	Cash 7.0% Shares 2.0%	A\$0.25	(9)
Contango ORE, Inc. ("Contango")	20,000,000	Apr 26, 2022	May 26, 2028 ⁽⁴⁾	9.0% ⁽⁴⁾	Cash 7.0% Shares 2.0%	\$30.50	(9)
IsoEnergy Ltd. ("IsoEnergy")	Various 4,000,000 to 6,000,000	Various (2020 to 2022)	Various (2025 to 2027)	8.5% ⁽⁵⁾ to 10.0%	Cash 6.0% ⁽⁵⁾ to 10.0% Shares 2.5% ⁽⁵⁾ to 7.5%	(7)	(9)
Los Andes Copper Ltd ("Los Andes")	Various 4,000,000 to 5,000,000	Various (2021 to 2022)	Various (2026 to 2027)	8.0%	Cash 5.0% ⁽⁸⁾ Shares 3.0% ⁽⁸⁾	(8)	(9)
NexGen Energy Ltd. ("NexGen")	15,000,000	May 27, 2020	May 27, 2025	7.5%	Cash 5.0% Shares 2.5%	C\$2.34	(9)

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Notes to Condensed Interim Consolidated Financial Statements
(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Three and Nine months ended May 31, 2023
(Unaudited)

4. Investments at estimated fair value (continued):

(d) Investments in convertible debentures (continued):

- (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) Adriatic: The annual coupon increased from 8.5% to 9.5% on January 10, 2023.
- (4) 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.
- (5) IsoEnergy: The annual coupon on the \$6,000,000 debenture issued in 2020 reduces from 8.5% to 7.5%, reducing the cash and common share interest from 6.0% and 2.5% to 5.0% and 2.5% respectively, on filing of an economically positive preliminary assessment compliant with the requirements of National Instrument 43-101 of the Canadian Securities Commission. This filing has not been made as at May 31, 2023 or August 31, 2022.
- (6) 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.
- (7) IsoEnergy: Conversion prices range from C\$0.88 to C\$4.33.
- (8) Los Andes: Interest can be settled by between 5% to 8% per annum in cash and between 0% and 3% per annum in shares. Conversion prices range from C\$10.82 to C\$19.67.
- (9) Issuers have certain redemption rights, normally after the second anniversary of the issue date for a convertible debenture issued with a four term and after the third anniversary of the issue date for a convertible debenture issued with a five year term, 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.

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Notes to Condensed Interim Consolidated Financial Statements
(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Three and Nine months ended May 31, 2023
(Unaudited)

4. Investments at estimated fair value (continued):

(d) Investments in convertible debentures (continued):

During the nine months ended May 31, 2023 the Company received establishment fees of \$720,000 comprising 3% of the convertible debenture principal amounts of \$15 million issued by Challenger, \$5 million issued by Los Andes and \$4 million issued by Iso Energy.

The estimated fair value of convertible debentures at May 31, 2023 is \$123,577,336 (August 31, 2022 - \$118,164,707). 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. The assumptions and inputs below were used in the models for significant debentures held by the Company:

May 31, 2023	Adriatic	Challenger	Contango	NexGen
Expected life	1.51 years	3.29 years	4.99 years	1.99 years
Modelled price volatility ⁽¹⁾	32%	49%	42%	60%
Risk free interest rate	3.7%	3.4%	3.8%	4.1%
Coupon interest rate	9.5%	9.0%	9.0%	7.5%
Expected dividend yield	-%	-%	-%	-%
Credit spread	27.0%	30.5%	31.4%	18.3%
Underlying share price of the investee	A\$3.12	A\$0.155	\$25.38	C\$5.24
Conversion price	A\$2.7976	A\$0.25	\$30.50	C\$2.34
Exchange rate (C\$ - \$)	-	-	-	0.7367
Exchange rate (A\$ - \$)	0.6503	0.6503	-	-

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Notes to Condensed Interim Consolidated Financial Statements
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Three and Nine months ended May 31, 2023
(Unaudited)

4. Investments at estimated fair value (continued):

(d) Investments in convertible debentures (continued):

August 31, 2022	Adriatic	Contango	NexGen
Expected life	2.25 years	3.65 years	2.74 years
Modelled price volatility ⁽¹⁾	35%	46%	71%
Risk free interest rate	3.0%	3.3%	3.6%
Coupon interest rate	8.5%	8.0%	7.5%
Expected dividend yield	-%	-%	-%
Credit spread	28.3%	27.6%	19.6%
Underlying share price of the investee	A\$2.28	\$23.19	C\$5.84
Conversion price	A\$2.7976	\$30.50	C\$2.34
Exchange rate (C\$ - \$)	-	-	0.7616
Exchange rate (A\$ - \$)	0.6842	-	-

(1) Modelled price volatility is derived based on the volatility of the issuer's shares and incorporates a calibration adjustment used initially to equate the estimated fair value of the debenture to the purchase consideration.

For the nine months ended May 31, 2023, the Company has recorded interest income on convertible debentures of \$5,791,927 (May 31, 2022 - \$3,007,472). During the nine months ended May 31, 2023, the Company received interest payments of \$4,958,176 of which \$3,924,230 was paid in cash and \$1,033,946 was settled in common shares (May 31, 2022 - \$2,392,500 of which \$2,017,520 was in cash and \$374,980 in common shares).

5. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of the following:

	May 31, 2023	August 31, 2022
Accounts payable	\$ 31,450	\$ 31,419
Accrued liabilities	38,666	189,679
Due to related parties (note 6)	16,272	779,034
	<u>\$ 86,388</u>	<u>\$ 1,000,132</u>

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Notes to Condensed Interim Consolidated Financial Statements
(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Three and Nine months ended May 31, 2023
(Unaudited)

6. Related party transactions:

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

	Three months ended		Nine months ended	
	May 31, 2023	May 31, 2022	May 31, 2023	May 31, 2022
Management fees	\$ 225,000	\$ 225,000	\$ 675,000	\$ 1,095,000
Directors' fees	16,500	15,750	49,500	47,250
Share-based compensation	-	1,291,985	2,541,839	6,133,976
	<u>\$ 241,500</u>	<u>\$ 1,532,735</u>	<u>\$ 3,266,339</u>	<u>\$ 7,276,226</u>

During the three and nine months ended May 31, 2022, the Company reimbursed office rent of \$91,936 and \$184,104, respectively to a company controlled by an officer and director of the Company. There was no contractual rent obligation for the Company as the lease agreement is with the company controlled by the officer and director. The Company was invoiced for reimbursement by the company controlled by an officer and director of the Company on a monthly basis.

The Company has entered into a lease agreement for the office directly from April 1, 2022.

As at May 31, 2023, accounts payable and accrued liabilities include an amount of \$16,272 (August 31, 2022 - \$779,034) 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 May 31, 2023, the Company holds equity investments and convertible debentures in NexGen, a company related by way of two common directors and IsoEnergy, a company controlled by NexGen and in Los Andes, a company related by way of a common director. The estimated fair value of equity investments and convertible debentures of these related companies at May 31, 2023 is \$115,650,042 (August 31, 2022 - \$134,323,524). Establishment fee income for the nine months ended May 31, 2023 is \$270,000 (May 31, 2022 - nil) and interest income on convertible debentures is \$2,259,566 (May 31, 2022 - \$1,576,917) from these related companies.

Two significant shareholders, Wyloo Metals Pty Ltd. (previously known as Squadron Resources Pty Ltd.) ("Wyloo") and Corom Pty Ltd. ("Corom"), a company controlled by a relative of a director of the Company, subscribed for common shares in the Company's private placement on February 25, 2022 (Note 7(a)).

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7. Share capital:

(a) Common shares:

Authorized:

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

Issued:

450,804,224 common shares as at May 31, 2023 (August 31, 2022 - 445,895,954).

Issued and Outstanding:

450,804,224 common shares as at May 31, 2023 (August 31, 2022 - 443,556,376).

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

	Nine months ended May 31, 2023	Nine months ended May 31, 2022
Shares issued and fully paid		
At beginning of period	445,895,954	277,252,651
Issued on exercise of share options	-	8,000,000
Issued in settlement of dividend	9,631,732	4,393,303
Issued by private placement	-	156,250,000
Canceled	(1)	-
Purchased through NCIB and canceled	(4,723,461)	-
At end of period	450,804,224	445,895,954

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

	Nine months ended May 31, 2023	Nine months ended May 31, 2022
Shares issued, fully paid and outstanding:		
At beginning of period	443,556,376	277,252,651
Issued on exercise of share options	-	8,000,000
Issued on settlement of dividends	9,631,732	4,393,303
Issued by private placement	-	156,250,000
Canceled	(1)	-
Purchased through NCIB and canceled	(2,383,883)	-
Purchased through NCIB and held in treasury	-	(1,500,000)
At end of period	450,804,224	444,395,954

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7. Share capital:

(a) Common shares (continued):

Share transactions during the nine months ended May 31, 2023 were as follows:

- 9,631,732 shares of the Company were issued on November 17, 2022 as fully paid shares for the settlement of dividends of C\$0.017 per share based on a share price of C\$0.70. \$5,078,194 was transferred from retained earnings to share capital.
- 1 share of the Company was canceled on October 17, 2022.
- A total of 4,723,461 shares of the Company purchased through the Normal Course Issuer Bid ("NCIB") were canceled as follow:
 - 3,260,694 shares were canceled on November 6, 2022
 - 935,439 shares canceled on February 28, 2023
 - 527,328 shares were canceled on May 31, 2023.

The cost of the shares canceled, including commission, was \$2,567,835, an average cost of C\$0.71 per share. \$1,826,124 representing the average issue price of the canceled shares, was transferred from the treasury share reserve to share capital. The remaining \$741,711 was transferred from the treasury share reserve to retained earnings.

- 445,895,954 issued and fully paid shares on September 1, 2022 were reduced to 443,556,376 issued, fully paid and outstanding shares by 2,339,578 shares purchased between the start of the NCIB on November 22, 2021 and August 31, 2022 and held in treasury on August 31, 2022. These shares were included within the 3,260,694 shares canceled on November 6, 2022.
- 2,383,883 shares of the Company were purchased for \$1,251,457, at an average cost per share of C\$0.71, including commissions, by the Company during the nine months ended May 31, 2023 under the NCIB and canceled as follows:
 - 921,116 shares purchased between September 1, 2022 and November 6, 2022, canceled on November 6, 2022
 - 935,439 shares purchased between November 7, 2022 and February 28, 2023, canceled on February 28, 2023.
 - 527,328 shares purchased between March 1, 2023 and May 31, 2023 and cancelled on May 31, 2023.
- All shares purchased under the NCIB were canceled as at May 31, 2023. There were no shares held in treasury as at May 31, 2023.

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7. Share capital:

(a) Common shares (continued):

Share transactions during the nine months ended May 31, 2022 were as follows:

- 1,000,000 shares of the Company were issued on October 15, 2021 as fully paid shares from the exercise of share options at C\$0.30 per share. \$242,340 was received in cash and \$350,577 was transferred from share-based reserves to share capital.
- 7,000,000 shares of the Company were issued on October 29, 2021 as fully paid shares from the exercise of share options at C\$0.30 per share. \$1,700,580 was received in cash and \$2,454,039 was transferred from share-based reserves to share capital.
- 4,393,303 shares of the Company were issued on November 19, 2021 as fully paid shares for the settlement of dividends of C\$0.015 per share based on a share price of C\$0.72. \$2,502,707 was transferred from retained earnings to share capital.
- 156,250,000 shares of the Company were issued on February 25, 2022 at C\$0.64 per share for gross proceeds of \$78,450,000 through a non-brokered private placement. Two significant shareholders, Wyloo and Corom each subscribed for 39,062,500 common shares, respectively, of the private placement.
- 1,500,000 shares of the Company were purchased for \$875,574, at an average cost per share of C\$0.74, including commissions, by the Company during the nine months ended May 31, 2022 under the NCIB and held in treasury.

(b) Warrants:

There were no warrants outstanding at May 31, 2023 and August 31, 2022.

(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 five days immediately preceding the grant date. The plan provides participants with a cashless exercise alternative. Options granted under the 2022 Option Plan will have a term not to exceed five years. Vesting is determined at the discretion of the Board of Directors and in accordance with the policies of the TSX.

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7. Share capital (continued):

(c) Stock options (continued):

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

No stock options were issued or exercised during the nine months ended May 31, 2023.

The continuity of the Company's outstanding stock options for the comparable period is as follows:

	Number of Outstanding options	Weighted average exercise price (C\$)
At August 31, 2021	11,150,000	0.30
Exercised	(8,000,000)	0.30
Issued	35,500,000	0.64
At August 31, 2022	38,650,000	\$ 0.61

1,000,000 stock options granted on February 3, 2020 at C\$0.30 per share were exercised on October 10, 2021 by the executor for the estate of a former director.

7,000,000 stock options granted on February 3, 2020 at C\$0.30 per share were exercised on October 21, 2021 by a director.

35,500,000 stock options were granted on May 31, 2022, exercisable at C\$0.64 per share for a term of 5 years. The options vest as to 50% on the grant date and a further 50% after a period of 12 months. The Company determined the grant date estimated fair value of \$10,110,198, and the estimated fair value of options vesting in the year ended August 31, 2022 of \$7,532,046. \$2,578,152 was charged to reserves for the nine months ended May 31, 2023 (May 31, 2022 – \$6,221,604).

A summary of the Company's outstanding options at May 31, 2023 and August 31, 2022 is as follows:

Exercise price C\$	May 31, 2023 and August 31, 2022	May 31, 2023	August 31, 2022	Expiry date
	Number of Options Outstanding	Number of Options Exercisable	Number of Options Exercisable	
0.30	3,000,000	3,000,000	3,000,000	February 3, 2025
0.55	150,000	150,000	150,000	February 18, 2025
0.64	35,500,000	35,500,000	17,750,000	May 31, 2027
	38,650,000	38,650,000	20,900,000	

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7. Share capital (continued):

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

On November 21, 2021 the Company commenced a NCIB for a period of twelve months. Purchases are conducted by a third-party broker. The NCIB was renewed for a further twelve months from November 22, 2022. The current NCIB allows for the repurchase of up to 22,126,121 shares.

During the nine months ended May 31, 2023 there were purchases of 2,383,883 shares for cash of \$1,251,457 (May 31, 2022 – 1,500,000 shares for cash of \$875,574). During the year ended August 31, 2022 there were purchases of 2,339,578 shares for cash of \$1,316,378.

(e) Dividend:

On October 15, 2021 the Company declared a dividend on C\$0.015 per share to all shareholders of record on November 15, 2021. The dividend of \$3,385,379 was paid on November 19, 2021, with \$882,672 paid in cash and \$2,502,707 settled by the issue of 4,393,303 shares under the Company's dividend reinvestment plan ("DRIP").

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

8. Basic and diluted net loss per share:

The calculation of basic net loss per share for the three and nine months ended May 31, 2023 is calculated using the weighted average number of common issued shares of 451,331,553 and 449,958,217, respectively, less the weighted average number of shares purchased and held in treasury of 215,821 and 1,099,488, respectively to derive the weighted average number of issued and outstanding shares 451,115,732 and 448,858,730 (May 31, 2022 – weighted average common issued shares for three and nine months of 445,895,954 and 340,483,654, respectively, less the weighted average number of shares purchased and held in treasury of 451,611 and 150,537, respectively).

Diluted net loss per share for the three and nine months ended May 31, 2023 and May 31, 2022 did not include the effects of stock options, as the effect would be anti-dilutive.

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9. 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 period 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 May 31, 2023 and August 31, 2022:

	May 31, 2023	August 31, 2022
Estimated fair value through profit and loss:		
Investments at estimated fair value	\$ 189,765,543	\$ 196,751,187
Amortized cost:		
Cash	12,885,869	34,508,794
Prepaid and deposits	127,944	111,155
Receivables	1,528,247	720,958
Accounts payable and accrued liabilities	86,388	1,000,132
Lease liabilities	367,241	496,753

As at May 31, 2023 and August 31, 2022, financial instruments that are not measured at estimated fair value on the balance sheet are represented by cash, prepaid and deposits, receivables, accounts payable and accrued liabilities 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.

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).

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9. Financial instruments and risk management (continued):

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

May 31, 2023	Level 1	Level 2	Level 3
Investments at estimated fair value	\$ 65,151,584	\$ 124,613,959	\$ -

August 31, 2022	Level 1	Level 2	Level 3
Investments at estimated fair value	\$ 74,403,800	\$ 122,347,387	\$ -

There were no asset transfers between levels for the nine months ended May 31, 2023 or year ended August 31, 2022.

Financial risks:

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

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

(a) Credit risk:

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash and investments. The Company has limited exposure to credit risk related to cash, as it only deposits its cash with high credit quality financial institutions, which are available on demand. The Company's equity investments are settled and paid for upon delivery using an approved broker. The risk of default is considered minimal, as delivery of securities sold is made once the broker has received payment and payment on a purchase is received by the broker. The trade will fail if either party fails to meet its obligations. The Company's credit risk related to convertible debentures is associated with the risk that these third parties will not perform their underlying obligations. The Company mitigates its credit risk by only investing and providing loans where they have a detailed knowledge of the investee's operations and business strategy. The Company has convertible debentures invested in six companies at May 31, 2023 that were made up of 27% NexGen, 17% IsoEnergy; 19% Adriatic; 16% Contango, 11% Los Andes and 10% Challenger (August 31, 2022 - 33% NexGen, 26% IsoEnergy, 16% Adriatic, 16% Contango and 9% Los Andes).

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9. Financial instruments and risk management (continued):

(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. In November 30, 2021 the Company raised funds through a secured bank loan which was fully repaid on March 3, 2022. In May 31, 2022 the Company raised funds through a private placement. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity or bank financing. As of May 31, 2023, the Company had no significant contractual obligations other than those included in accounts payable, accrued liabilities and lease liabilities.

(c) Interest and foreign exchange risk:

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

At May 31, 2023, 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 US dollars and Canadian dollars ("C\$").

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

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

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9. Financial instruments and risk management (continued):

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

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

May 31, 2023	C\$	GBP	HK\$	A\$	Total
Cash	\$ 2,784,049	\$ -	\$ 25,120	\$ -	\$ 2,809,169
Prepayments and deposits	-	-	61,147	-	61,147
Receivables	-	-	61,499	-	61,499
Investments	62,908,801	-	-	501,139	63,409,940
Accounts payable and accrued liabilities	(34,516)	(19,693)	(12,296)	-	(66,505)
Lease liabilities	-	-	(367,241)	-	(367,241)
Net assets (liabilities)	\$ 65,658,334	\$ (19,693)	\$ (231,771)	\$ 501,139	\$ 65,908,009

August 31, 2022	C\$	GBP	HK\$	A\$	Total
Cash	\$ 23,356,422	\$ -	\$ 20,390	\$ -	\$ 23,376,812
Prepayments and deposits	-	-	61,003	-	61,003
Investments	73,358,559	1,146,876	-	-	74,505,435
Accounts payable and accrued liabilities	(169,544)	-	(5,076)	(27,915)	(202,535)
Lease liabilities	-	-	(496,754)	-	(496,754)
Net assets (liabilities)	\$ 96,545,437	\$ 1,146,876	\$ (420,437)	\$ (27,915)	\$ 97,243,961

Based on the above net exposure as at May 31, 2023 and assuming all other variables remain constant, a 2% depreciation or appreciation of the C\$, HK\$, A\$ and GBP against the US dollar would result in an increase or decrease of approximately \$1.3 million (August 31, 2022 - \$1.9 million) in the Company's net loss and comprehensive loss.

(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 public entities which are used as equivalent equity instruments for the valuation of non-traded investments, would result in an increase of approximately \$8.9 million and a decrease of approximately \$8.7 million, respectively, in the value of investments and unrealized gain for the nine months ended May 31, 2023 (May 31, 2022 - increase and decrease of approximately \$8.8 million).

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10. 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. 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 market place;
- (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.

11. Supplemental disclosure with respect to cash flows:

Significant non-cash transactions in the nine months ended May 31, 2023 and May 31, 2022 were:

	Nine months ended May 31, 2023	Nine months ended May 31, 2022
Investments received for settlement of establishment fees (note 4)	\$ 450,000	\$ -
Investments received for settlement of interest receivable (note 4)	1,033,946	374,980
Transfer from share-based reserve to share capital for options exercised (note 7)	-	2,804,616
Transfer from retained earnings to share capital for shares issued under the DRIP (note 7)	5,078,194	2,502,707
Transfer from retained earnings to share-based reserves for share-based compensation costs (note 7)	2,578,152	6,221,604

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12. 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.