

Next Edge Strategic Metals and Commodities Fund

Annual Financial Statements – 2023

As at and for the year ended December 31, 2023



NEXTEDGE
CAPITAL

Next Edge Strategic Metals and Commodities Fund

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Next Edge Strategic Metals and Commodities Fund

Management’s responsibility for financial reporting

Next Edge Capital Corp. (the “Manager”) is responsible for the accompanying financial statements of Next Edge Strategic Metals and Commodities Fund (the “Fund”) and all the information in this report. These financial statements have been approved by the Board of Directors of Next Edge Capital Corp., as Manager and Trustee. The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and, where appropriate, reflect management’s judgment and best estimates.

Management has established systems of internal controls that provide assurance that assets are safeguarded from loss or unauthorized use and produce reliable accounting records for the preparation of financial information. The systems of internal controls meet management’s responsibilities for the integrity of the financial statements.

The Manager recognizes its responsibility to conduct the Fund’s affairs in the best interest of its unitholders.

Respectfully,



Robert Anton
President



David Scobie
Chief Operating Officer

Next Edge Capital Corp.
March 28, 2024

Independent Auditor's Report

To the Unitholders of
Next Edge Strategic Metals and Commodities Fund (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statement of financial position as at December 31, 2023, and the statements of comprehensive loss, changes in net assets attributable to holders of redeemable units and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the Management Report of Fund Performance.

Our opinion on the financial statements does not cover the other information and we do 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, or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance prior to 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 this auditor's report. We have nothing to report in this regard.

Other Matter

The financial statements for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on March 31, 2023.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

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 GAAS 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 these financial statements.

As part of an audit in accordance with Canadian GAAS, 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 Fund'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 Fund'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 Fund 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.

We 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
March 28, 2024

Next Edge Strategic Metals and Commodities Fund

Statements of financial position

As at December 31,	Notes	2023	2022
ASSETS			
Current assets			
Investments at fair value through profit or loss	5,6	4,970,315	8,106,849
Subscriptions receivable		-	5,852
Receivable for investments sold		38,402	-
Interest and other receivables		2,406	2,338
Dividends receivable		973	12,450
Total assets		5,012,096	8,127,489
LIABILITIES			
Current liabilities			
Investments sold short	5,6	438,480	1,476,126
Bank overdraft		359,194	505,941
Dividends payable on financial liabilities sold short		2,194	2,275
Management fees payable	9,10	21,890	13,379
Harmonized sales tax payable		2,297	1,412
Total liabilities		824,055	1,999,133
Net assets attributable to holders of redeemable units		4,188,041	6,128,356
Net assets attributable to holders of redeemable units per class			
Class A		676,336	969,720
Class F		2,241,608	3,669,623
Class I		1,270,097	1,489,013
		4,188,041	6,128,356
Number of redeemable units outstanding per class			
Class A	7	102,029	117,609
Class F	7	329,210	437,983
Class I	7	184,397	177,650
Net assets attributable to holders of redeemable units per Unit			
Class A		6.63	8.25
Class F		6.81	8.38
Class I		6.89	8.38

Approved by Next Edge Capital Corp.



Robert Anton
President



David Scobie
Chief Operating Officer

The accompanying notes are an integral part of these financial statements

Next Edge Strategic Metals and Commodities Fund

Statements of comprehensive loss

For the years ended December 31,	Notes	2023	2022
Income			
Interest income for distribution purposes		33,165	15,141
Dividends		115,900	92,925
Foreign currency gain (loss) on cash and other net assets		23,704	(40,516)
Charges on financial liabilities sold short		(25,224)	(22,598)
Dividends expense on financial liabilities sold short		(29,848)	(30,929)
Net realized (loss) gain on sale of investments		(197,249)	706,297
Net change in unrealized appreciation (depreciation) on investments	6	(877,940)	(1,272,226)
Net gain (loss) on investments		(1,130,261)	(619,456)
Total income (loss)		(957,492)	(551,906)
Expenses			
Administrative fees		86,758	73,320
Transaction costs		59,098	153,352
Audit fees		57,156	52,470
Management fees	9,10	50,876	51,790
Interest expense		45,829	22,280
Legal fees		39,585	11,426
Independent Review Committee fees		18,747	22,567
Unitholder reporting costs		6,371	3,745
Harmonized sales tax		5,380	20,019
Custody fees		4,579	4,025
Withholding tax		-	220
Performance fees	9,10	-	112,102
		374,379	527,316
Less: expenses absorbed by the Manager	10	(213,342)	(166,200)
Total expenses		161,037	361,116
Increase (decrease) in net assets attributable to holders of redeemable units		(1,118,529)	(913,022)
Increase (decrease) in net assets attributable to holders of redeemable units per class			
Class A		(183,692)	(138,801)
Class F		(662,914)	(602,557)
Class I		(271,923)	(171,664)
		(1,118,529)	(913,022)
Average number of units outstanding			
Class A		113,358	81,646
Class F		414,677	384,582
Class I		180,309	151,127
Increase (decrease) in net assets attributable to holders of redeemable units per Unit			
Class A		(1.62)	(1.70)
Class F		(1.60)	(1.57)
Class I		(1.51)	(1.14)

The accompanying notes are an integral part of these financial statements

Next Edge Strategic Metals and Commodities Fund

Statements of changes in net assets attributable to holders of redeemable units

For the years ended December 31,	2023	2022
<u>Class A</u>		
Beginning of year	969,720	139,798
Increase (decrease) in net assets attributable to holders of redeemable units from operations	(183,692)	(138,801)
Proceeds and considerations received from issuance of units	13,794	1,008,950
Reinvestment of distributions to holders of redeemable units	-	74,240
Consideration paid for redemption of units	(123,486)	(40,227)
Distributions to holders of redeemable units	-	(74,240)
End of year	676,336	969,720
<u>Class F</u>		
Beginning of year	3,669,623	1,192,558
Increase (decrease) in net assets attributable to holders of redeemable units from operations	(662,914)	(602,557)
Proceeds and considerations received from issuance of units	668,144	3,388,764
Reinvestment of distributions to holders of redeemable units	-	269,401
Consideration paid for redemption of units	(1,433,245)	(309,142)
Distributions to holders of redeemable units	-	(269,401)
End of year	2,241,608	3,669,623
<u>Class I</u>		
Beginning of year	1,489,013	619,827
Increase (decrease) in net assets attributable to holders of redeemable units from operations	(271,923)	(171,664)
Proceeds and considerations received from issuance of units	193,362	1,060,622
Reinvestment of distributions to holders of redeemable units	-	124,076
Consideration paid for redemption of units	(140,355)	(19,772)
Distributions to holders of redeemable units	-	(124,076)
End of year	1,270,097	1,489,013

The accompanying notes are an integral part of these financial statements

Next Edge Strategic Metals and Commodities Fund

Statements of cash flows

For the years ended December 31,	2023	2022
Cash flows from operating activities		
Increase (decrease) in net assets attributable to holders of redeemable units	(1,118,529)	(913,022)
Adjustments in net assets attributable to holders to net cash from operating activities		
Proceeds from sale of investments	16,236,357	16,132,446
Purchase of investments	(15,251,060)	(22,035,198)
Foreign currency (gain) loss on cash and other net assets	(23,704)	40,516
Change in unrealized depreciation (appreciation) of investments and derivatives	877,940	1,272,226
Net realized gain (loss) on sale of investments	197,249	(706,297)
(Increase) decrease in interest receivable and other receivables	(68)	(2,059)
(Increase) decrease in dividends receivable	11,477	(11,737)
Increase (decrease) in dividends payable on financial liabilities sold short	(81)	1,693
Increase (decrease) in other payables and accrued liabilities	9,396	7,812
Net cash provided by (used in) operating activities	938,977	(6,213,620)
Cash flows from financing activities		
Proceeds from redeemable units issued	881,152	5,592,484
Amount paid on redemption of redeemable units	(1,697,086)	(369,141)
Net cash provided by (used in) financing activities	(815,934)	5,223,343
Foreign currency loss (gain) on cash and other net assets	23,704	(40,516)
Net increase (decrease) in cash	146,747	(1,030,793)
Cash, beginning of year	(505,941)	524,852
Cash, end of year	(359,194)	(505,941)
Supplemental disclosure of cash flow information:		
Interest received	33,097	13,082
Dividends received, net of withholding taxes	127,377	81,188

The accompanying notes are an integral part of these financial statements

Next Edge Strategic Metals and Commodities Fund

Schedule of investments

As at December 31, 2023

No. of shares	Securities by Sector	Average Cost (\$)	Fair Value (\$)
	Long Positions (118.7%)		
	Canadian Equities (103.5%)		
	Energy (32.3%)		
25,000	Cardinal Energy Ltd.	196,433	157,000
312,500	Coelacanth Energy Inc.	250,000	234,375
104,167	Coelacanth Energy Inc., Warrants, November 15, 2024 - Strike Price \$1.05	-	-
45,000	GoviEx Uranium Inc.	7,200	6,750
45,000	GoviEx Uranium Inc., Warrants, December 22, 2026 - Strike Price \$0.25	-	-
228,600	GoviEx Uranium Inc., Warrants, May 11, 2025 - Strike Price \$0.25	-	-
114,300	GoviEx Uranium Inc., Warrants, May 11, 2025 - Strike Price \$0.25	-	-
943	IsoEnergy Ltd.	2,902	3,480
20,000	Obsidian Energy Ltd.	233,521	179,800
5,000	Parex Resources Inc.	124,168	124,750
277,800	Source Rock Royalties Ltd.	250,020	230,574
138,900	Source Rock Royalties Ltd., Warrants, March 1, 2024 - Strike Price \$1.25	-	695
560,000	Southern Energy Corp.	145,600	117,600
5,000	Tourmaline Oil Corp.	292,925	297,950
	Energy Total	1,502,769	1,352,974
	Materials (71.2%)		
396,900	Americas Gold & Silver Corp.	332,681	130,977
107,300	Arizona Sonoran Copper Co., Inc.	200,517	187,775
397,100	Asante Gold Corp.	602,609	563,882
301,700	Atex Resources Inc.	313,841	226,275
113,500	Atlas Salt Inc.	188,619	82,855
25,000	Atlas Salt Inc., Warrants, January 19, 2025 - Strike Price \$2.40	-	-
23,000	Brunswick Exploration Inc., Warrants, December 22, 2025 - Strike Price \$0.75	-	1,840
65,100	Cassiar Gold Corp.	32,550	22,134
49,800	Cassiar Gold Corp., Warrants, May 4, 2025 - Strike Price \$0.70	-	-
20,000	Collective Mining Ltd.	78,012	84,600
82,900	Critical Elements Lithium Corp.	123,469	77,097
600,100	Emerita Resources Corp.	572,785	348,058
250,000	Emerita Resources Corp., Warrants, June 13, 2026 - Strike Price \$0.60	-	-
557,000	Heliostar Metals Ltd.	206,090	155,960
325,000	Heliostar Metals Ltd., Warrants, January 10, 2025 - Strike Price \$0.70	-	-
1,000,000	Iberamerican Lithium Inc., Private Placement	250,000	175,000
500,000	Iberamerican Lithium Inc., Warrants, September 1, 2026 - Strike Price \$0.40	-	1

The accompanying notes are an integral part of these financial statements

Next Edge Strategic Metals and Commodities Fund

Schedule of investments (continued)

As at December 31, 2023

No. of Shares	Securities by Sector	Average Cost (\$)	Fair Value (\$)
90,000	Kobo Resources Inc., Private Placement	22,500	29,250
45,000	Kobo Resources Inc., Warrants, December 22, 2025 - Strike Price \$0.40	-	-
87,500	Largo Physical Vanadium Corp.	175,000	96,250
81,639	Lithium Ionic Corp.	160,494	142,868
30,400	Neo Performance Materials Inc.	292,191	231,951
70	Premier American Uranium Inc.	-	105
60,000	Reyna Silver Corp., Warrants, February 13, 2026 - Strike Price \$0.40	-	-
638,800	Roscan Gold Corp.	232,676	76,656
45,600	Silver Mountain Resources Inc., Warrants, February 27, 2025 - Strike Price \$0.45	-	3,192
7,373	Skeena Resources Ltd.	51,421	47,556
270,169	Thesis Gold Inc.	399,253	159,400
88,100	Three Valley Copper Corp., Warrants, May 25, 2024 - Strike Price \$0.45	-	-
47,551	Triple Point Resources Ltd.	-	-
20,000	Victoria Gold Corp.	172,200	139,200
	Materials Total	4,406,908	2,982,883
	Total Canadian Equities	5,909,677	4,335,857
	Canadian Bonds (3.9%)		
44,654	Aris Gold Corp., August 26, 2027	56,424	60,942
100,000	Chemtrade Logistics Income Fund, Convertible Bond, August 31, 2027	100,000	100,829
	Canadian Bonds Total	156,424	161,771
	Total Canadian Equities & Bonds	6,066,101	4,497,628
	Foreign Equities (11.3%)		
	Materials (11.3%)		
188,800	Alphamin Resources Corp.	208,778	169,920
500,000	Bradda Head Lithium Ltd., Warrants, April 19, 2024 - Strike Price £0.21	-	-
104,100	Green Technology Metals Ltd.	55,530	26,694
40,000	Horizonte Minerals PLC	96,000	7,600
604,500	SolGold PLC	170,142	105,788
567,600	Talon Metals Corp.	328,335	102,168
23,600	Vulcan Energy Resources Ltd.	111,274	60,517
	Materials Total	970,059	472,687
	Total Foreign Equities	970,059	472,687
	Total Equities & Bonds	7,036,160	4,970,315
	Total Long Positions	7,036,160	4,970,315

The accompanying notes are an integral part of these financial statements

Next Edge Strategic Metals and Commodities Fund

Schedule of investments (continued)

As at December 31, 2023

No. of Shares	Securities by Sector	Average Cost (\$)	Fair Value (\$)
	Short Positions (-10.5%)		
	Exchange-Traded Funds (-10.5%)		
(4,000)	iShares S&P/TSX 60 Index ETF	(127,160)	(128,080)
(20,000)	Shares S&P/TSX Capped Energy Index ETF	(248,600)	(310,400)
	Exchange-Traded Funds Total	(375,760)	(438,480)
	Total Short Positions	(375,760)	(438,480)
	Transaction Costs	(20,256)	-
	Total Investment Portfolio and Options (108.2%)	6,640,144	4,531,835
	Cash (-8.6%)		(359,194)
	Other assets net of liabilities (0.4%)		15,400
	Total net assets attributable to holders of redeemable units (100.0%)		4,188,041

The accompanying notes are an integral part of these financial statements

Next Edge Strategic Metals and Commodities Fund

Notes to the financial statements

1. FUND INFORMATION

Next Edge Strategic Metals and Commodities Fund (the "Fund") is a mutual fund established as a trust under the laws of the Province of Ontario and governed by a declaration of trust dated July 16, 2021. The Fund is divided into units of participation ("Units") representing an interest in the Fund held by Unitholders. The Fund has three classes of Units: Class A Units, Class F Units and Class I Units. The Fund may have an unlimited number of classes of units and may issue an unlimited number of Units of each class. All classes of Units of the Fund are redeemable at the unitholders' option. Each class of Units is intended for different types of investors. All of the classes of Units have the same investment strategy and restrictions but differ with respect to one or more of their features, such as management fees, expenses, redemption fees, commissions or distributions. The net asset value per unit ("NAV per unit") of each class is not the same as a result of the different fees, expenses and distributions allocable to each class of Units.

The Fund seeks to provide long-term growth of capital by investing opportunistically and primarily in equity securities of companies involved in the commodity and natural resource industry and those who benefit from technological innovation affecting the materials sector. Investments by the Fund may be made globally.

The Fund may use leverage through the use of cash borrowings, short sales and derivatives. If used, the aggregate amount of cash borrowing and the market value of the securities sold short will not exceed 50% of the Fund's net asset value, and the aggregate amount of cash borrowing, the market value of the securities sold short and the notional amount of derivatives used for non-hedging purposes will not exceed 300% of the Fund's net asset value.

The Fund started investing according to its investment objective on November 2, 2021 by Delbrook Capital Advisors Inc. ("Sub-Advisor") acting as sub-advisor of the Fund.

The Fund is managed by Next Edge Capital Corp. (the "Manager"). The custodian, registrar, transfer agent and valuation agent of the Fund is RBC Investor Services Trust. The registered office of the Fund is located at 1 Toronto Street, Suite 200, Toronto, Ontario, Canada, M5C 2V6.

The financial statements were approved for issuance by the Manager on March 28, 2024.

2. BASIS OF PREPARATION

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The financial statements have been prepared on a going concern basis using the historical-cost convention. However, the Fund is an investment entity and primarily all financial assets and financial liabilities are measured at fair value in accordance with IFRS. Accordingly, the Fund's accounting policies for measuring the fair value of investments and derivatives are consistent with those used in measuring the NAV for transactions with unitholders.

In applying IFRS, management may make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses during the reporting periods. Actual results may differ from such estimates.

The financial statements have been presented in Canadian dollars, the Fund's functional currency.

Next Edge Strategic Metals and Commodities Fund

Notes to the financial statements (continued)

3. MATERIAL ACCOUNTING POLICIES

Amendments to IAS 1, *Presentation of financial statements*, and IFRS *Practice Statement 2, Making materiality judgements*, both effective for periods beginning on or after January 1, 2023, applicable prospectively, require that entities disclose material accounting policy information instead of significant accounting policies. The amendments did not have a material impact on the disclosure of the Fund's accounting policies.

Financial instruments

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Purchases and sales of financial assets are recognized at their trade date. The Fund's investments are designated as fair value through profit or loss ("FVTPL") upon initial recognition and are measured at FVTPL. The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount. All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate.

Financial instruments include financial assets and liabilities such as equity securities, open-ended investment funds and derivatives, cash and other trade receivables and payables. All financial assets and liabilities are recognized in the statements of financial position when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership.

Classification and measurement

The Fund classifies and measures financial instruments in accordance with IFRS 9, *Financial Instruments* ("IFRS 9"). The standard requires financial assets to be classified as amortized cost, FVTPL, or fair value through other comprehensive income ("FVOCI") based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of these assets. Assessment and decision on the business model approach used is an accounting judgment. The Fund classifies investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess performance and to make decisions. Consequently, all investments are measured at FVTPL.

More specifically, the Fund's investments, derivative assets and liabilities, and short sales, if any, are measured at FVTPL. The Fund's obligation for NAV attributable to holders of redeemable units is presented at the redemption amount. All other financial assets and liabilities are initially recognized at fair value and subsequently measured at amortized cost. Under this method, financial assets and liabilities reflect the amounts required to be received or paid, discounted when appropriate, at the financial instrument's effective interest rate. The fair values of the Fund's financial assets and liabilities that are not carried at FVTPL approximate their carrying amounts due to their short-term nature.

Impairment

IFRS 9 requires that an entity recognize a loss allowance for expected credit losses on financial assets that are measured at amortized cost or FVOCI. Financial assets held by the Fund that are measured at FVTPL will not be subject to the impairment requirements.

With respect to receivables, the Fund considers both historical analysis and forward-looking information in determining any expected credit loss. As at the financial statement date, all receivables are due to be settled within the short term. The Fund considers the probability of default to be close to zero as these instruments have a low risk of default and

Next Edge Strategic Metals and Commodities Fund

Notes to the financial statements (continued)

the counterparties have a strong capacity to meet their contractual obligation in the near term. No loss allowance has been recognized as any such impairment will not have a material impact on the financial statements.

Fair value and subsequent measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. Unlisted securities are determined by the Manager on the basis of the latest reported information available. Fixed income securities, debentures and other debt instruments, including short-term investments, are valued at the quotation from recognized investment dealers.

The Fund may engage in option contract transactions by purchasing (long positions) or writing (short positions) call or put option contracts. These contracts have different risk exposures for the Fund: whereas the risk for long positions will be limited to the premium paid to purchase the option contracts, the risk exposure for the short positions is potentially unlimited until closed or expired.

The premium paid for purchasing an option is recorded as an asset in the statements of financial position. The premium is valued as at the close of business on every business day, or, if not a business day, on the following business day and on any other day as the Manager determines (a "Valuation Date") at an amount equal to the fair value of the option that would have the effect of closing the position. The change in the difference between the premium and the fair value is shown as "Net change in unrealized appreciation (depreciation) on investments" in the statements of comprehensive loss. When a purchased option expires, the Fund will realize a loss equal to the premium paid. When a purchased option is closed, the gain or loss the Fund will realize will be the difference between the proceeds and the premium paid. When a purchased call option is exercised, the premium paid is added to the cost of acquiring the underlying security. When a purchased put option is exercised, the premium paid is subtracted from the proceeds from the sale of the underlying security that had to be sold.

The premium received from writing a call or put option is recorded as a liability in the statements of financial position. When a written option expires, the Fund will realize a gain equal to the premium received. When a written option is closed, the Fund will realize a gain or loss equal to the difference between the cost at which the contract was closed and the premium received. When a written call option is exercised, the premium received is added to the proceeds from the sale of the underlying investments to determine the realized gain or loss. When a written put option is exercised, the premium received will be subtracted from the cost of the underlying investment the Fund had purchased. The gain or loss that the Fund realizes when a purchased or written option is expired or closed is recorded as "Net realized gain (loss) on sale of investments" in the statements of comprehensive loss.

All unlisted warrants have been valued using the Black-Scholes model.

Net assets attributable to holders of redeemable units

Net assets attributable to holders of redeemable units are classified as financial liabilities and are redeemable at the unitholder's option at prices based on the Fund's NAV per unit at the time of redemption. The amounts are continuously measured at their redemption value.

The NAV measured as at the Valuation Date will be obtained by the valuation agent by taking the then fair value of the assets of the Fund less the aggregate amount of its liabilities excluding those attributable to holders of redeemable units. The NAV per unit of any class of units of the Fund for a Valuation Date will be obtained by dividing the then fair value of the assets of the Fund less the aggregate amount of its liabilities (excluding those attributable to holders of

Next Edge Strategic Metals and Commodities Fund

Notes to the financial statements (continued)

redeemable units) in each case attributable to that class of units, by the total number of units of the class outstanding at the time the calculation is made on the Valuation Date and adjusting the result to a maximum of four decimal places.

For each Fund unit sold, the Fund receives an amount equal to the NAV per unit, on the date of the transaction. Units are redeemable at the option of the unitholders at their NAV per unit on the redemption date. For each unit redeemed, the number of issued and outstanding units is reduced and the net assets attributable to holders of redeemable units are reduced by the related NAV on the date of redemption.

The calculation of the value of net assets attributable to holders of redeemable units for financial statement purposes in accordance with IFRS is consistent with the calculation of the NAV for transactional purposes.

Investment transactions and income recognition

Investment transactions are accounted for as of the trade date. Income and expenses are recorded on an accrual basis. Interest income for distribution purposes is recorded as it is earned.

Dividend revenue is recognized when the Fund's right to receive the payment is established. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statements of comprehensive loss.

"Interest income for distribution purposes" shown on the statements of comprehensive loss represents the coupon interest received by the Fund accounted for on an accrual basis.

Realized gains and losses from security transactions are calculated using the average cost basis.

The year-over-year change in the difference between fair value and the average cost is shown as the net change in unrealized appreciation (depreciation) on investments.

Transaction costs such as brokerage commissions incurred in the purchase and sale of securities by the Fund are charged to net income in the year.

Functional and presentation currency

The Fund's functional and presentation currency is the Canadian dollar ("CAD"), which is the currency of the primary economic environment in which it operates. The Fund's performance is evaluated and its liquidity is managed in CAD. Therefore, the CAD is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Fund's subscriptions and redemptions are denominated in CAD.

The fair value of foreign-currency-denominated portfolio investments, foreign currency holdings and other assets and liabilities denominated in a foreign currency are translated into the Fund's reporting currency using the closing rate of exchange on each valuation date. Income, expenses and investment transactions in foreign currencies are translated into the Fund's reporting currency at the rate of exchange prevailing on the respective dates of such transactions.

Foreign exchange gains (losses) relating to cash, receivables and payables are presented as "Foreign currency gain (loss) on cash and other net assets" and those relating to financial instruments classified as held for trading and FVTPL are presented within "Net realized gain (loss) on sale of investments" and "Net change in unrealized appreciation (depreciation) on investments" in the statements of comprehensive loss.

Cash

Cash comprises deposits (bank overdraft) with financial institutions.

Next Edge Strategic Metals and Commodities Fund

Notes to the financial statements (continued)

Net assets attributable to holders of redeemable units per unit

The net assets attributable to holders of redeemable units per unit is calculated by dividing the net assets attributable to holders of redeemable units of the class by the weighted average number of units outstanding of the class during the year.

Income and expense allocation

The realized and unrealized gains or losses, income, and expenses (other than class-specific operating expenses and management fees) of the Fund are allocated on each Valuation Date to the redeemable participating unitholders in proportion to the respective prior day's NAV, which includes redeemable participating unitholder trades dated for that day, of each class at the date on which the allocation is made. Class-specific operating expenses and management fees are applied to the corresponding classes accordingly. All operating expenses are paid by the Manager and are collected from the Fund on a recoverable basis.

Taxation

The Fund is a mutual fund trust under the *Income Tax Act* (Canada) (the "Tax Act"). All of the Fund's net income for tax purposes and sufficient net capital gains realized in any year are required to be distributed to unitholders such that no income tax is payable by the Fund. As a result, the Fund does not record income taxes. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the statements of financial position as a deferred income tax asset. See note 8.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

There are no standards issued but not yet effective up to the date of issuance of the financial statements that are expected to have a material impact on the Fund. The Fund will adopt any new or amended standards when they become effective.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to use judgments in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements.

Fair value measurement of investments and derivatives not quoted in active market

The Fund may, from time to time, hold financial instruments that are not quoted in active markets, such as unlisted securities, private securities or derivatives. Unlisted securities are valued based on price quotations from recognized investment dealers, or failing that, their fair value is determined by the Manager on the basis of the latest reported information available. The fair value of private securities is determined by using valuation models that may be based, in part, on assumptions that are not supported by observable market inputs. These methods and procedures may include, but are not limited to, performing comparisons with prices of comparable or similar securities, obtaining valuation related information from issuers and/or other analytical data relating to the investment and using other available indications of value. These values are independently assessed by the Manager to ensure that they are reasonable. However, because of the inherent uncertainty of valuation, the estimated fair values for these securities may be materially different from the values that would have been used had a ready market for the investment existed.

The fair values of private securities are affected by the perceived credit risks of the issuer, predictability of cash flows and the length of time to maturity.

Next Edge Strategic Metals and Commodities Fund

Notes to the financial statements (continued)

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments.

The Fund considers observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Fund's activities expose it to a variety of risks as follows: portfolio concentration risk, credit risk, interest rate risk, liquidity risk and market risk (which includes currency risk and other price risk). The Fund is also exposed to commodity sector risk, borrowing risk, cybersecurity risk, derivatives risk, equity securities risk, exchange of tax information risk, legislation and litigation risk, leverage risk, multiple class risk, options risk, price volatility risk, repurchase and reverse repurchase transactions and securities lending risk, sector risk, short selling risk, stock market risk, substantial securityholder risk, and tax risk.

The Fund may invest in or use derivatives for hedging and non-hedging purposes in a manner consistent with the investment objective of the Fund and as permitted by applicable securities legislation. The Fund may utilize currency hedging to minimize the foreign currency risk associated with holding foreign securities. Derivatives to be used by the Fund may include, but are not limited to, non-exchange traded options, forward contracts, futures contracts and swaps. The Fund may also sell short certain securities in accordance with National Instrument 81-102 ("NI 81-102"). Short selling will be used selectively and opportunistically. To do this, the Fund borrows the securities it is selling short, and is under an obligation to return the borrowed securities to the lender at a future date. The Fund is required to pay the lender any distribution declared on the borrowed securities, together with any securities borrowing fees. To return the borrowed securities, the Fund purchases these same securities at a later date, with the result that the Fund will generally make a gain on the short sale if the price of the securities has declined by such date. The short selling activities of the Fund are subject to the limitations set out in NI 81-102 (and as such requirements are applicable to alternative mutual funds).

The Fund may enter into securities lending and repurchase and reverse repurchase transactions to earn additional returns, subject, in each case, to limits at least as stringent as those required by Canadian securities regulatory authorities.

Portfolio concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is a geographical allocation, asset type, industry sector or counterparty. As the Fund's mandate is to invest predominantly in equity securities of companies that will benefit from rising commodity prices and infrastructure buildout, the Fund is exposed to risks specific to the commodity sector, which is discussed below. Please refer to the schedule of investments for a listing of the Fund's portfolio.

The following tables summarize the investment concentration risks that are relevant for the Fund based on its investment objective. The investment portfolio of the Fund may change due to ongoing portfolio transactions.

Next Edge Strategic Metals and Commodities Fund

Notes to the financial statements (continued)

Portfolio by Asset Mix	% of Net Asset Value	
	2023	2022
Canadian equities	93.0%	93.3%
Foreign equities	11.3%	10.7%
Canadian bond	3.9%	2.8%
United States equities	-	1.4%
Total investments	108.2%	108.2%
Cash	(8.6%)	(8.3%)
Other net assets	0.4%	0.1%
Total net asset value	100.0%	100.0%

Portfolio by Industry	% of Net Asset Value	
	2023	2022
Materials	84.0%	77.1%
Energy	32.3%	40.3%
Utilities	-	4.0%
Capital goods	-	1.5%
Exchange Traded Funds	(8.1%)	(14.7%)
Total investments	108.2%	108.2%
Cash	(8.6%)	(8.3%)
Other net assets	0.4%	0.1%
Total net asset value	100.0%	100.0%

Portfolio by Country	% of Net Asset Value	
	2023	2022
Canada	96.9%	96.1%
International	11.3%	10.7%
United States	-	1.4%
Total investments	108.2%	108.2%
Cash	(8.6%)	(8.3%)
Other net assets	0.4%	0.1%
Total net asset value	100.0%	100.0%

Credit risk

Credit risk is the risk that a security issuer or counterparty to a financial instrument will fail to meet its financial obligations. The fair value of a debt instrument includes consideration for the creditworthiness of the debt issuer. The carrying amount of debt instruments as shown on the schedule of investments represents the credit risk exposure of the Fund. Credit risk exposure for derivative instruments is based on the Fund's unrealized gain on the contractual obligations with the counterparty as at the reporting date. The credit risk exposure of the Fund's other assets is represented by their carrying amount as disclosed in the statements of financial position.

Next Edge Strategic Metals and Commodities Fund

Notes to the financial statements (continued)

As at December 31, 2023, the Fund has \$161,771 (2022: \$171,202) exposure to two (2022: three) debt instruments, which are all unrated bonds.

The counterparty to all of the Fund's options transactions is the Canadian Imperial Bank of Commerce, which has an S&P credit rating of A-1 on its short-term debt.

Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of assets and future cash flow. As at December 31, 2023, the Fund has \$161,771 (2022: \$171,202) exposure to two (2022: three) debt instruments.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. The Fund is exposed to daily cash redemptions. The Fund's policy is to have a majority of its portfolio investments in securities traded on exchanges that are liquid (i.e., investments that can be readily disposed of through market facilities).

The Fund may invest in derivatives, debt securities and unlisted equity investments that are not traded in an active market. As a result, the Fund may not be able to quickly liquidate its investments in these instruments at amounts that approximate their fair values or be able to respond to specific events such as deterioration in the creditworthiness of any particular issuer. In accordance with the Fund's policy, the Manager monitors the Fund's liquidity position on a daily basis. The tables below analyze the Fund's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows.

December 31, 2023

Financial liabilities	On demand	< 3 months	Total
Financial liabilities at FVTPL	438,480	-	438,480
Bank indebtedness	359,194	-	359,194
Dividends payable on financial liabilities sold short	-	2,194	2,194
Management fees payable	-	21,890	21,890
Harmonized sales tax payable	-	2,297	2,297
	797,674	26,381	824,055

December 31, 2022

Financial liabilities	On demand	< 3 months	Total
Financial liabilities at FVTPL	1,476,126	-	1,476,126
Bank indebtedness	505,941	-	505,941
Dividends payable on financial liabilities sold short	-	2,275	2,275
Management fees payable	-	13,379	13,379
Harmonized sales tax payable	-	1,412	1,412
	1,982,067	17,066	1,999,133

Redeemable units are redeemable on demand at the holder's option. However, the Manager does not expect that the contractual maturity disclosed above will be representative of the actual cash outflows, as holders of these instruments typically retain them for a longer period.

Next Edge Strategic Metals and Commodities Fund

Notes to the financial statements (continued)

Market risk

The Fund's investments are subject to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The following includes sensitivity analyses that show how the net assets attributable to holders of redeemable units would have been affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ, and the differences could be material.

(a) Currency risk

The Fund invests in financial instruments denominated in currencies other than CAD. These investments result in currency risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund uses options on currency exchange-traded funds to reduce its foreign currency exposure.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in CAD terms. The table also illustrates the potential impact on the net assets attributable to holders of redeemable units if CAD had strengthened or weakened by 5% in relation to each of the other currencies, with all other variables held constant.

December 31, 2023 Currency	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary	Non-monetary	Total	Monetary	Non-monetary	Total
United States dollar % of net assets attributable to holders of redeemable units	17,553 0.4%	61,292 1.5%	78,845 1.9%	878 -	3,065 0.1%	3,943 0.1%
Australian dollar % of net assets attributable to holders of redeemable units	53,200 1.3%	87,211 2.1%	140,411 3.4%	2,660 0.1%	4,361 0.1%	7,021 0.2%
British pound % of net assets attributable to holders of redeemable units	1,121 -	- -	1,121 -	56 -	- -	56 -
Euro % of net assets attributable to holders of redeemable units	(43) -	- -	(43) -	(2) -	- -	(2) -

Next Edge Strategic Metals and Commodities Fund

Notes to the financial statements (continued)

December 31, 2022	Exposure			Impact on net assets attributable to holders of redeemable units		
	Currency	Monetary	Non-monetary	Total	Monetary	Non-monetary
United States dollar	(881,618)	1,474,516	592,898	(44,081)	73,726	29,645
% of net assets attributable to holders of redeemable units	(14.4%)	24.1%	9.7%	(0.7%)	1.2%	0.5%
Australian dollar	797	-	797	40	-	40
% of net assets attributable to holders of redeemable units	-	-	-	-	-	-
British Pound	(111,795)	72,082	(39,713)	(5,590)	3,604	(1,986)
% of net assets attributable to holders of redeemable units	(1.8%)	1.2%	(0.6%)	(0.1%)	0.1%	-

(b) Other price risk

Other price risk is the risk that the value of portfolio investments will fluctuate as a result of changes in market prices, other than those arising from interest rate or currency risk, whether caused by factors specific to an individual portfolio investment or all factors affecting all investments traded in a market or market segment. All portfolio investments present a risk of loss of capital. The maximum risk resulting from financial instruments is equivalent to their fair value. Please refer to the schedule of investments for a breakdown of the NAV of the Fund by security and geographic allocation. Sensitivity against the benchmark was not included as there is an insufficient period of trading to statistically create a meaningful correlation between the performance of the Fund's portfolio investments to the relevant benchmark.

Fair value measurement

The table below presents financial instruments measured at fair value in the statements of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1 – inputs are unadjusted quoted prices of identical instruments in active markets.

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – one or more significant inputs used in a valuation technique are unobservable in determining fair values of the instruments.

As at December 31, 2023 and 2022, the financial instruments measured at fair value in the statements of financial position are grouped into the fair value hierarchy as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Equities - long	4,677,315	131,228	1	4,808,544
Equities - short	(438,480)	-	-	(438,480)
Bonds - long	-	161,771	-	161,771
	4,238,835	292,999	1	4,531,835

Next Edge Strategic Metals and Commodities Fund

Notes to the financial statements (continued)

December 31, 2022	Level 1	Level 2	Level 3	Total
Equities - long	7,716,374	19,273	200,000	7,935,647
Equities - short	(1,476,126)	-	-	(1,476,126)
Bonds - long	-	103,500	67,702	171,202
	6,240,248	122,773	267,702	6,630,723

All fair value measurements above are recurring. The carrying values of cash, subscriptions receivable, dividends receivable, interest and other receivables, receivable for investments sold, redemptions payable, distributions payable, accrued liabilities and the Fund's obligation for net assets attributable to holders of redeemable units are measured at amortized cost. Fair values are classified as Level 1 when the related security or derivative is actively traded, and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. During the year ended December 31, 2023, the equity investment in Largo Physical Vanadium Corp. was transferred from Level 3 to Level 1 since the company began trading publicly in 2023. There were no transfers between any levels of the fair value hierarchy during the year ended December 31, 2022.

Investments classified as Level 3 are valued at fair value based on unobservable inputs and assumptions, which may include credit spreads, industry multipliers, and discount rates. Management has assessed that the effect of changing these inputs to reasonably possible alternatives would not have a significant impact on the net assets attributable to holders of redeemable shares of the Fund as at December 31, 2023 and 2022.

The following table presents the movement in Level 3 for the year ended December 31, 2023:

	Equities - long	Bonds - long
Balance, beginning	200,000	67,702
Sales	-	(63,540)
Transfer out	(200,000)	-
Net change in unrealized appreciation (depreciation) in fair value	1	(4,162)
Balance, ending	1	-

The following table presents the movement in Level 3 for the year ended December 31, 2022:

	Equities - long	Bonds - long
Balance, beginning	-	129,463
Purchases	200,000	39,085
Sales	-	(5,425)
Net change in realized appreciation (depreciation) in fair value	-	240
Net change in unrealized appreciation (depreciation) in fair value	-	4,889
Transfer out	-	(100,550)
Balance, ending	200,000	67,702

Next Edge Strategic Metals and Commodities Fund

Notes to the financial statements (continued)

7. REDEEMABLE UNITS

For the years ended December 31, 2023 and 2022, the Fund offered three classes of redeemable units: Class A Units, Class F Units, and Class I Units. The class of Units selected affects the commissions that were payable by an investor, the management fees payable by the Fund, and the compensation that a dealer received in respect of the sale of Units.

All of the classes have the same investment objective, strategy and restrictions but differ in respect of one or more features, such as the management fee, sales commission, and service commission. The NAV per unit of each class would not necessarily be the same as a result of the different fees, expenses and distributions allocable to each class of Units. The Fund and the Manager do not charge a fee or commission when investors purchase Units of the Fund. An authorized broker, dealer or advisor may charge investors an upfront selling commission of up to 3.00% at the time of purchase of Class A Units, which would reduce the amount of money invested in the Class A Units of the Fund.

The number of units issued, redeemed or cancelled during the years ended December 31, 2023 and 2022 for each respective class is summarized in the following tables.

For the years ended December 31,	2023	2022
Class A		
Balance, beginning	117,609	13,758
Units issued for consideration	1,534	98,939
Units reinvested	-	9,238
Units redeemed	(17,114)	(4,326)
Balance, ending	102,029	117,609
Class F		
Balance, beginning	437,983	117,248
Units issued for consideration	86,879	322,788
Units reinvested	-	33,004
Units redeemed	(195,652)	(35,057)
Balance, ending	329,210	437,983
Class I		
Balance, beginning	177,650	60,849
Units issued for consideration	23,808	103,677
Units reinvested	-	15,201
Units redeemed	(17,061)	(2,077)
Balance, ending	184,397	177,650

Capital management

The capital of the Fund is represented by net assets attributable to holders of redeemable units. As a result of the ability to issue and redeem redeemable Units, the capital of the Fund can vary depending on the demand for redemptions from and subscriptions to the Fund. The Fund is not subject to externally imposed capital requirements and has no restrictions on the issue and redemptions of redeemable Units other than those set out in its Simplified Prospectus.

The Fund's objectives for managing capital are:

- To invest the capital in investments meeting the description, risk exposure and expected return indicated in the Simplified Prospectus;

Next Edge Strategic Metals and Commodities Fund

Notes to the financial statements (continued)

- To maintain sufficient liquidity to meet the expenses of the Fund, and to meet redemption requests as they arise; and
- To maintain sufficient size to make the operation of the Fund cost-efficient.

8. INCOME TAXES

The Fund qualifies as a “mutual fund trust” within the meaning of the Tax Act and the Fund elected under the Tax Act to be a mutual fund trust from the date it was established.

The Fund is subject to tax in each taxation year under Part I of the Tax Act on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of amounts paid or payable to unitholders (whether in cash or in units) in the year. An amount will be considered to be payable to a unitholder in a taxation year if it is paid in the year by the Fund or the unitholder is entitled in that year to enforce payment of the amount. The Fund makes sufficient distributions in each year of its net income and net capital gains for tax purposes, thereby permitting the Fund to deduct sufficient amounts so that the Fund will generally not be liable in such year for non-refundable income tax under Part I of the Tax Act.

The Fund is entitled for each taxation year throughout which it is a mutual fund trust for purposes of the Tax Act to reduce (receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemptions of units during the year (the “Capital Gains Refund”). The Capital Gains Refund in a particular taxation year may not completely offset the tax liability of the Fund for such taxation year, which may arise upon the disposition of securities in connection with the redemption of units.

If the Fund does have income for tax purposes that is in excess of any distributions paid or made payable to unitholders during the year and the net realized capital gains of the Fund, the tax on which would be recovered by the Fund in the year by reason of the capital gains refund provisions of the Tax Act, in order to ensure that the Fund will not generally be liable for income tax under Part I of the Tax Act.

As at December 31, 2023, the Fund had \$190,172 (2022: \$nil) capital and \$25,237 (2022: \$nil) non-capital losses for tax purposes.

9. FEES AND OPERATING EXPENSES

Annual Management Fees (% of net asset value of the class of the Fund)	
Class	Management Fee ^{1,2}
Class A Units	2.00%
Class F Units	1.00%
Class I Units	A negotiated management fee directly to the Manager (up to a maximum of 1.00%)

1. Plus applicable HST.
2. The Manager may from time to time, in its own discretion, waive a portion of the management fee resulting in a reduction of the management fee charged. To the extent a portion of the management fee is waived, the Manager reserves the right to stop such waiver at any time and without notice to, or the consent of, unitholders.

For its services to the Fund, the Manager is entitled to receive from the Fund a management fee (the “management fee”) at (up to) an annual rate of: (i) 2.00% of the portion of its NAV represented by the Class A Units, (ii) 1.00% of the portion of NAV represented by the Class F Units, and (iii) a negotiated portion of the NAV (up to a maximum of 1.00%), calculated daily and paid monthly in arrears, plus applicable taxes. The Manager uses these management fees to pay

Next Edge Strategic Metals and Commodities Fund

Notes to the financial statements (continued)

for sales and trailing commissions to registered dealers on the distribution of the Fund's Units.

The Fund pays all its own operating expenses. These include but are not limited to brokerage commissions and fees, taxes, audit fees, legal fees and expenses, safekeeping, registrar and transfer agent fees, trustee and custodial fees, interest expenses, administrative costs, regulatory participation fees, investor servicing costs and costs of financial and other reports to investors, as well as prospectuses.

The chair of the Independent Review Committee currently receives an annual retainer of \$12,000 and the other Independent Review Committee members an annual retainer of \$9,000, plus reimbursement of expenses, and all such fees and expenses of the Independent Review Committee will be paid by the Manager's funds pro rata based on the amount of time spent on each of the fund's business.

The Manager may, from time to time, in its sole discretion, pay all or a portion of any additional expenses which would otherwise be payable by the Fund. See Note 10.

Each class of Units is responsible for the expenses specifically related to that class and a proportionate share of the expenses that are common to all classes of Units.

Performance fees

The Fund will pay to the Manager in respect of each fiscal quarter of the Fund a performance fee equal to 20% of the gain in the NAV per Unit of a Class of Units of the Fund, accrued for on a daily basis, over the preceding fiscal quarter or quarters since a performance fee was last payable, provided that the NAV per Unit of the Fund (including distributions) is greater than all previous values at the end of each previous fiscal quarter in which a performance fee was paid and provided that the annualized year to date percentage gain in the NAV per Unit of the Fund exceeds an annual hurdle rate of 6%.

10. RELATED PARTY TRANSACTIONS

The Fund's investment activities are managed by Next Edge Capital Corp.

(a) Management and performance fees

Under the terms of the investment management agreement, the Fund appointed the Manager to provide management services (note 9). Total management fees for the year ended December 31, 2023 amounted to \$50,876 (2022: \$51,790) and are reported in the statements of comprehensive loss, with \$21,890 (2022: \$13,379) in outstanding accrued fees due to the Manager as at December 31, 2023 reported in the statements of financial position.

Total performance fees for the year ended December 31, 2023 amounted to \$nil (2022: \$112,102) and are reported in the statements of comprehensive loss, with \$nil (2022: \$nil) in outstanding accrued performance fees due to the Manager as at December 31, 2023 reported in the statements of financial position.

(b) Operating expenses

For the year ended December 31, 2023, the Manager absorbed expenses of \$213,342 (2022: \$166,200) shown in the statements of comprehensive loss. The Manager absorbs expenses at its sole discretion and may cease to absorb expenses at any time.

Next Edge Strategic Metals and Commodities Fund

Notes to the financial statements (continued)

(c) Independent Review Committee fees

The total remuneration paid to members of the Independent Review Committee attributable to the Fund during the year ended December 31, 2023 was \$18,747 (2022: \$22,567).

11. GLOBAL TENSIONS

The ongoing military conflicts in different parts of the world have continued to negatively impact regional and global financial markets and economies. The adverse effects include, but are not limited to, significant market volatility, inflationary pressures, increase in interest rates, increase in credit risk, strain on commodity markets, foreign currency exchange rate volatility and disruption of business operations. In light of the current environment of heightened uncertainty and market volatility, the Manager continues to closely monitor its impact on the Fund's risk exposures.

Next Edge Strategic Metals and Commodities Fund

General information

MANAGER AND PRINCIPAL DISTRIBUTOR

Next Edge Capital Corp.
1 Toronto Street, Suite 200
Toronto, ON M5C 2V6

Telephone: (416) 775-3600
Fax: (416) 775-3601
Toll Free: 1 (877) 860-1080

www.nextedgecapital.com

CUSTODIAN, REGISTRAR, TRANSFER AGENT AND VALUATION AGENT

RBC Investor Services Trust
155 Wellington Street West
Toronto, ON M5V 3H6

www.rbcits.com

BROKER

CIBC Capital Markets Prime Brokerage
161 Bay Street
Toronto, ON M5J 2S8

www.cibccm.com

AUDITOR

Deloitte LLP
Bay Adelaide East
8 Adelaide Street West, Suite 200
Toronto, ON M5H 0A9

www.deloitte.ca

LEGAL COUNSEL

Fasken Martineau DuMoulin LLP
333 Bay Street, Suite 2400
Toronto, ON M5H 2T6

www.fasken.com

SUB-ADVISOR

Delbrook Capital Advisors Inc.
Suite 1500 - 1199 West Hastings Street
Vancouver, BC V6E 3T5

<https://delbrookcapital.com>

Next Edge Capital Corp.
1 Toronto St., Suite 200
Toronto, ON M5C 2V6

Tel: 416 775-3600
Fax: 416 775-3601

www.nextedgecapital.com