Condensed Interim Financial Statements
(Expressed in United States dollars)

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Three and Six months ended February 28, 2021
(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of the comparative period in these interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

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

As at February 28, 2021 and August 31, 2020
(Unaudited)

	Note	February 28, 2021	August 31, 2020
Assets			
Current assets:			
Cash		$ 4,893,705	$ 25,073,826
Prepaids		63,895	25,351
Receivables	5	759,040	293,996
		5,716,640	25,393,173
Non-current assets:			
Investments at fair value	6	115,748,826	54,660,440
		$ 121,465,466	$ 80,053,613
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	7	$ 213,850	$ 475,234
Shareholders' equity:			
Share capital	9	86,218,243	86,218,243
Reserve	9	12,345,537	9,896,932
Retained earnings (deficit)		22,687,836	(16,536,796)
		121,251,616	79,578,379
		$ 121,465,466	$ 80,053,613

The comparative information has been translated to U.S. dollars (note 4).

See accompanying notes to these condensed interim financial statements.

Approved on behalf of the Board:

"Warren Gilman" Director   "Don Roberts" Director

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Condensed Interim Statements of Income (Loss) and Comprehensive Income (Loss)
(Expressed in United States dollars)

(Unaudited)

		Three months ended		Six months ended	
	Note	February 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
Income from investments:					
Interest income	6	$ 834,065	$ -	$ 1,244,124	$ -
Establishment fee income	6	600,000	-	600,000	-
Unrealized gain from investments	6	43,400,724	-	40,844,627	-
Total income from investments		44,834,789	-	42,688,751	-
Operating expenses:					
Consulting		3,142	40,787	37,685	81,617
Directors' fees	8	22,500	-	40,833	-
Foreign exchange gain		(15,996)	(36,337)	(15,078)	(35,545)
Management fees	8	186,130	5,751	341,810	11,501
Office and administration		33,716	51,529	75,468	78,067
Office rent	8	93,146	93,690	186,965	169,627
Professional fees		49,082	96,192	122,811	113,789
Regulatory and transfer agent fees		94,117	49,279	116,939	56,534
Office renovation costs	8	122,154	-	122,154	-
Share-based compensation	9	345,797	5,143,900	2,448,605	5,318,598
Travel		189	8,669	4,145	36,406
Total operating expenses		933,977	5,453,460	3,482,337	5,830,594
Income (loss) before other items		43,900,812	(5,453,460)	39,206,414	(5,830,594)
Other items:					
Recovery of advance		5,441	38,275	18,218	59,457
Net income (loss) and comprehensive income (loss)		$ 43,906,253	$ (5,415,185)	$ 39,224,632	$ (5,771,137)
Income (loss) per common share:					
Basic	10	$0.16	($0.10)	$0.14	$(0.12)
Diluted	10	$0.15	($0.10)	$0.14	$(0.12)
Weighted average number of common shares - basic		277,252,651	53,988,720	277,252,651	48,711,817
Weighted average number of common shares - diluted		288,402,651	53,988,720	288,402,651	48,711,817

The comparative information has been translated to U.S. dollars (note 4).

See accompanying notes to these condensed interim financial statements.

QUEEN’S ROAD CAPITAL INVESTMENT LTD.

Condensed Interim Statements of Changes in Shareholders’ Equity
(Expressed in United States dollars)

For the six months ended February 28, 2021 and 2020
(Unaudited)

	Number of shares		Share capital		Share-based reserve		Retained earnings (deficit)		Shareholders’ equity
Balance, August 31, 2020	277,252,651	$	86,218,243	$	9,896,932	$	(16,536,796)	$	79,578,379
Share-based compensation (note 9)	-		-		2,448,605		-		2,448,605
Net income for the period	-		-		-		39,224,632		39,224,632
Balance, February 28, 2021	277,252,651	$	86,218,243	$	12,345,537	$	22,687,836	$	121,251,616
Balance, August 31, 2019	40,303,565	$	16,552,209	$	1,208,345	$	(16,599,415)	$	1,161,139
Share issuances	235,949,086		64,442,837		-		-		64,442,837
Exercise of stock options	900,000		169,224		(79,514)		-		89,710
Share Based payments	-		-		5,318,598		-		5,318,598
Net loss for the period	-		-		-		(5,771,137)		(5,771,137)
Balance, February 29, 2020	277,152,651	$	81,164,270	$	6,447,429	$	(22,370,552)	$	65,241,147

The comparative information has been translated to U.S. dollars (note 4).

See accompanying notes to these condensed interim financial statements.

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

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

(Unaudited)

	Six months ended February 28, 2021	Six months ended February 29, 2020
Cash flow provided by (used in):		
Operating activities:		
Net income (loss)	$ 39,224,632	$ (5,771,137)
Items not affecting cash:		
Interest income	(1,239,182)	-
Share-based compensation	2,448,605	5,318,598
Unrealized gain on investments	(40,844,627)	-
Changes in working capital items:		
Receivables	20,359	(10,167)
Prepaid expenses and advances	(38,545)	(60,136)
Accounts payable and accrued liabilities	(261,384)	57,507
Interest received	510,021	-
	(180,121)	(465,335)
Financing activities:		
Common shares issued by private placement	-	64,442,837
Common shares issued by stock option exercise	-	89,710
	-	64,532,547
Investing activities:		
Investments	(20,000,000)	-
Increase (decrease) in cash during the period	(20,180,121)	64,067,212
Cash, beginning of the period	25,073,826	1,523,197
Cash, end of the period	$ 4,893,705	$ 65,590,409

During the six months ended February 28, 2021, the significant non-cash transactions include $243,759 in investments received for the settlement of interest receivable (note 6).

During the six months ended February 29, 2020, the significant non-cash transactions was reallocation of $79,54 from reserve to share capital.

The comparative information has been translated to U.S. dollars (note 4).

See accompanying notes to these condensed interim financial statements.

1. Nature of operations:

Queen’s Road Capital Investment Ltd. (“QRC” or the “Company”) is a resource focused investment company, making investments in privately held and publicly traded resource companies. The Company intends to acquire and hold securities for both long-term capital appreciation and short-term gains, with a focus on resource projects in advanced, development or production resource companies 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 and changed its name from Lithion Energy Corp. to Queen’s Road Capital Investment Ltd. The Company’s corporate office is located at Suite 2006, 2 Queen’s Road Central, Hong Kong. The Company trades under the symbol “QRC” on the TSX Venture Exchange (“TSX-V”).

Since February 2020, the coronavirus (“COVID-19”) has threatened a slowdown in the global economy as well as caused volatility in the global financial markets. While the full impact of COVID-19 on the global economy is uncertain, the spread of COVID-19 may have an adverse effect on the Company’s investments. The extent to which COVID-19 may impact the Company’s business will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing, business closures or business disruptions, and the effectiveness of actions taken in Canada, the U.S., Hong Kong S.A.R and other countries to contain and treat the disease. Although it is not possible to reliably estimate the length or severity of these developments and their financial impact, this could have a significant adverse impact on the Company’s financial position and results of operations for future periods.

These condensed interim financial statements were authorized for issue by the Board of Directors of the Company on April 22, 2021.

2. Significant accounting policies:

(a) Basis of presentation:

These condensed interim 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 financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the IASB, have been omitted or condensed.

The condensed interim financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

2. Significant accounting policies (continued):

(a) Basis of presentation (continued):

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the US dollar, which is also the presentation currency of the Company. The functional currency determinations were conducted through an analysis of the consideration factors identified in IFRS.

The condensed interim 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, 2020, except for the impact of the change in functional currency described in note 4. These condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended August 31, 2020.

(b) Significant judgments:

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

- the determination of the functional currency of the Company; and
- the valuation of investments.

(c) Significant accounting estimates and assumptions:

The preparation of these financial statements in accordance with IFRS requires management to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. The estimates and judgements that are critical to the determination of the amounts reported are set out in note 3 of the Company's audited financial statements for the year ended August 31, 2020.

3. New standards, amendments and interpretations not yet adopted or effective:

Certain new standards, interpretations, amendments, and improvements to existing standards were issued by the IASB. The Company anticipates that the application of these standards, amendments and interpretations in future periods will have no material impact on the results and financial position of the Company except for additional disclosures. The Company is assessing the impact of the new or revised IFRS standards on its financial position and financial performance.

(Expressed in United States dollars)

4. Change in functional and presentation currency:

Effective September 1, 2020 (the "Effective Date"), the Company changed its functional and presentation currency from the Canadian dollar ("CA") to the U.S. dollar. The functional currency of the Company was reassessed as the Company evaluated financial transactions considering the recent change in business operations. The U.S. dollar was determined to be the functional currency of the primary economic environment in which the Company operates, as the majority of the operational activities will be denominated in or influenced by the U.S. dollar. The change in functional currency was accounted for on a prospective basis, with prior period comparative information translated to the U.S. dollar at the exchange rate of the Effective Date, being $0.766754 U.S. dollars per CA dollars.

5. Receivables:

Receivables consist of the following:

	February 28, 2021	August 31, 2020
Interest receivable on convertible debentures	$ 758,975	$ 273,573
Other receivables	65	20,423
	$ 759,040	$ 293,996

6. Investments at fair value:

The Company had the following investments in public entities as at February 28, 2021:

	Number of shares	Fair value
Equities:		
NexGen Energy Ltd. (NXE.TO) (a)	12,065,667	$ 42,429,457
IsoEnergy Ltd. (ISO.V) (b)	259,715	562,657
Convertible debentures:		
NexGen Energy Ltd. (a)	-	31,633,788
IsoEnergy Ltd. (b)	-	19,999,730
Adriatic Metals Pty (c)	-	21,123,194
		$ 115,748,826

(Expressed in United States dollars)

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

6. Investments at fair value (continued):

The Company had the following investments in public entities as at August 31, 2020:

	Number of shares	Fair value
Equities:		
NexGen Energy Ltd.	11,970,533	$ 23,680,411
IsoEnergy Ltd.	219,689	213,928
Convertible Debentures:		
NexGen Energy Ltd.	-	20,481,946
IsoEnergy Ltd.	-	10,284,155
		$ 54,660,440

The continuity of the Company's investments during the period ended February 28, 2021 is as follows:

	August 31, 2020	Additions	Proceeds from disposition	Realized gains	Unrealized gains	February 28, 2021
Equities	$ 23,894,339	$ 243,759	$ -	$ -	$18,854,016	$ 42,992,114
Convertible debentures	30,766,101	20,000,000	-	-	21,990,611	72,756,712
	$ 54,660,440	$20,243,759	$	$ -	$40,844,627	$115,748,826

(a) Investment in NexGen Energy Ltd.:

During the year ended August 31, 2020, the Company completed the purchase of 11,611,667 common shares of NexGen Energy Ltd. (NexGen), a company related by way of a common director, at $1.29 per share for a purchase price of $15,000,000.

On May 27, 2020, the Company completed the purchase of a 5-year term convertible debenture (the "NexGen convertible debenture") at a cost of $15,000,000. The NexGen convertible debenture is unsecured and ranks equally in right of payment with all present and future unsecured and unsubordinated indebtedness of NexGen. The NexGen convertible debenture bears interest at a rate of 7.5% per annum, payable semi-annually, of which only 5% is payable in cash and 2.5% is payable in common shares. The Company paid transaction costs in the amount of $125,000, which were expensed when incurred.

6. Investments at fair value (continued):

(a) Investment in NexGen Energy Ltd.(continued):

The Company is entitled, from time to time before the maturity date of May 27, 2025, to convert some or all of the principal amount of the NexGen convertible debenture into common shares at a price of CA $2.34 per share (the "conversion price"), which is equal to 130% of the issue price of the acquired common shares of NexGen. Further, on or after the third anniversary date of the issuance of the NexGen convertible debenture, NexGen will be entitled to, at any time that the 20-day volume-weighted average trading price of NexGen on the Toronto Stock Exchange exceeds 130% of the conversion price, redeem the debenture at par plus accrued and unpaid interest. At any time after the completion of a change of control transaction by NexGen, the Company may be required to convert some or all of the principal amount of the NexGen debenture into common shares at the conversion price, provided that: (i) the amount the Company will receive on completion of the change of control transaction per common share exceeds the conversion price; and either (ii) such amount is payable in cash; or (iii) such amount is payable in property or securities which the Company wishes to receive.

The Company was paid an establishment fee equal to 3% of the principal amount of the convertible debenture, which was paid through the issuance of common shares at a price of $1.29 per share, resulting in the issuance of 348,350 common shares of NexGen, which were recorded at fair value of $487,893.

The fair value of the NexGen convertible debenture at February 28, 2021 is $31,633,788 (August 31, 2020 - $20,481,946). For the six months ended February 28, 2021, the Company recorded $557,739 (February 29, 2020 - nil) in interest income. During the six months ended February 28, 2021, the Company received the semi-annual interest payment of $562,500, of which $375,000 was paid in cash and $187,500 was paid in common shares. The company received 95,134 common shares with a deemed valued of $1.9709 per share. As at February 28, 2021, the Company had $248,975 (August 31, 2020 - $253,736) in receivables related to accrued interest.

(Expressed in United States dollars)

6. Investments at fair value (continued):

(a) Investment in NexGen Energy Ltd.(continued):

The valuation model used to estimate the fair value of the convertible debenture is a system of two coupled Black-Scholes Option Pricing equations and partial differential equations that are solved simultaneously using finite-difference methods, with the following assumptions:

	February 28, 2021	August 31 2020
Expected price volatility	50%	60%
Expected life	4.24 years	4.74 years
Risk free interest rate	0.698%	0.386 %
Coupon interest rate	7.5%	7.5%
Expected dividend yield	0%	0 %
Credit spread	16.5%	19.5%
Underlying share price of the investee	$4.48	1.98
Conversion price (CA)	$2.34	$2.34
Exchange rate (US$:CA$)	0.7883	0.7668

(b) Investment in IsoEnergy Ltd.

During the year ended August 31, 2020, the Company completed the purchase of 98,500 common shares of IsoEnergy Ltd. (IsoEnergy), a company controlled by NexGen, for a purchase price of $66,087. The Company's disposition of this investment resulted in proceeds of $89,930.

On August 18, 2020, the Company completed the purchase of a 5-year term convertible debenture (the "IsoEnergy convertible debenture") at a cost of $6,000,000. The IsoEnergy convertible debenture is unsecured and ranks equally in right of payment with all present and future unsecured and unsubordinated indebtedness of IsoEnergy. The IsoEnergy convertible debenture bears interest at a rate of 8.5% per annum, payable semi-annually, of which 6% is payable in cash and 2.5% is payable in common shares. On the date on which IsoEnergy files an economically positive preliminary economic assessment compliant with the requirements of National Instrument 43-101 of the Canadian Securities Commission, the interest rate of the convertible debenture will be reduced to 7.5% per annum, thereby reducing the cash and common shares obligation to 5% and 2.5%, respectively.

The Company is entitled, from time to time before the maturity date of August 18, 2025 but not prior to August 18, 2023 except for in the case of a change of control transaction by IsoEnergy, to convert some or all of the principal amount of the IsoEnergy convertible debenture into common shares at a price of CA $0.88 per share (the "conversion price"), provided that the aggregate number of shares issuable upon conversion does not exceed 9,206,311 common shares.

6. Investments at fair value (continued):

(b) Investment in IsoEnergy Ltd.(continued):

Upon the announcement of a change of control transaction, IsoEnergy has the right to require the Company to convert some or any part which is $1,000 or a multiple thereof of the principal amount of the convertible debenture into shares at the conversion price (the "early conversion right"). The early conversion right may only be exercised provided that (i) the directors of IsoEnergy have approved such change; (ii) the amount that the Company will receive upon completion of the change of control transaction on a per share basis on conversion exceeds the conversion price; and (iii) either (a) such amount is payable in cash or (b) such amount is payable in whole or in part in property or securities, in the discretion of the Company. The early conversion right is conditional upon completion of the change of control and is void if the change of control does not occur. In the case of a change of control transaction, the Company has the right (the "change of control redemption right") to redeem or IsoEnergy may require the repurchase, on the date which is not later than 30 days of such transaction, the convertible debenture into cash at a price of (a) 130% of the principal amount if the transaction occurs prior to August 18, 2023, (b) 115% of the principal amount plus accrued and unpaid interest if the transaction occurs after August 18, 2023.

The Company was paid an establishment fee equal to 3% of the principal amount of the convertible debenture, which was paid through the issuance of common shares at a price of $0.82 per share, resulting in the issuance of 219,689 common shares of IsoEnergy which were recorded at fair value of $206,844.

The fair value of the Company's IsoEnergy convertible debenture at February 28, 2021 is $19,999,730 (August 31, 2020 - $10,284,155). For the six months ended February 28, 2021, the Company has recorded $256,444 (February 29, 2020 - nil) in interest income. During the six months ended February 28, 2021, the Company received an interest payment of $191,280, of which $135,021 was paid in cash and $56,259 was paid in common shares. The company received 40,026 common shares with a deemed valued of $1.41 per share. As at February 28, 2021, the Company had $85,000 (August 31, 2020 - $19,836) in receivables related to accrued interest.

(Expressed in United States dollars)

6. Investments at fair value (continued):

(b) Investment in IsoEnergy Ltd.(continued):

The valuation model used to estimate the fair value of the convertible debenture is a system of two coupled Black-Scholes Option Pricing equations and partial differential equations that are solved simultaneously using finite-difference methods, with the following assumptions:

	February 28, 2021	August 31, 2020
Expected price volatility	60.0%	100%
Expected life	4.47 years	4.96 years
Risk free interest rate	0.753%	0.398%
Coupon interest rate	8.5%	8.5%
Expected dividend yield	0%	0 %
Credit spread	17.5%	20.0%
Underlying share price of the investee	$2.76	$0.97
Conversion price (CA)	$0.88	$0.88
Exchange rate (US$:CA$)	0.7883	0.7668

(c) Investment in Adriatic Metals Plc ("Adriatic"):

On December 1, 2020, the Company completed the purchase of $20,000,000 of 8.5% unsecured convertible debentures in Adriatic (the "Adriatic convertible debentures"). The Adriatic convertible debentures are unsecured and have a four-year term. A cash coupon of 8.5% per annum is payable quarterly. The Adriatic convertible debentures are convertible at the Company's option into Adriatic common shares at a conversion price of Australian Dollar ("AUD") $2.7976 per common share (the "conversion price").

Adriatic is entitled to redeem the Adriatic convertible debentures early at par plus accrued and unpaid interest (a) at any time that the 20-day volume weighted average price of Adriatic common shares exceeds 125% of the conversion price, (b) on or after the third anniversary of the date of the issuance of the Adriatic convertible debentures, or (c) from the proceeds of any project financing or other secured debt financing completed.

(Expressed in United States dollars)

QUEEN'S ROAD CAPITAL INVESTMENT LTD.

6. Investments at fair value (continued):

(c) Investment in Adriatic Metals Plc (continued:

Upon the announcement of a change of control transaction, Adriatic has the right to require the Company to convert some or any part which is $1,000 or a multiple thereof of the principal amount of the convertible debenture into shares at the conversion price (the "early conversion right"). The early conversion right may only be exercised provided that (i) the directors of Adriatic have approved such change; (ii) the amount that the Company will receive upon completion of the change of control transaction on a per share basis on conversion exceeds the conversion price; and (iii) either (a) such amount is payable in cash or (b) such amount is payable in whole or in part in property or securities, in the discretion of the Company. The early conversion right is conditional upon completion of the change of control and is void if the change of control does not occur. In the case of a change of control transaction, the Company has the right (the "change of control redemption right") to redeem or Adriatic may require the repurchase, on the date which is not later than 30 days of such transaction, the convertible debenture into cash at a price of (a) 130% of the principal amount if the transaction occurs prior to December 1, 2022, (b) 115% of the principal amount plus accrued and unpaid interest if the transaction occurs after December 1, 2022.

The Company was paid an establishment fee equal to 3% of the principal amount of the convertible debenture, which was $600,000 was paid in cash.

The fair value of the Company's Adriatic convertible debenture at February 28, 2021 is $21,123,194 (August 31, 2020 - nil). For the six months ended February 28, 2021, the Company has recorded $425,000 (February 29, 2020 - nil) in interest income. As at February 28, 2021, the Company had $425,000 (August 31, 2020 - nil) in receivables related to accrued interest.

The valuation model used to estimate the fair value of the convertible debenture is a system of two coupled Black-Scholes Option Pricing equations and partial differential equations that are solved simultaneously using finite-difference methods, with the following assumptions:

	February 28, 2021	August 31, 2020
Expected price volatility	50.0%	-
Expected life	3.76 years	-
Risk free interest rate	0.452%	-
Coupon interest rate	8.5%	-
Expected dividend yield	0%	-
Credit spread	25.25%	-
Underlying share price of the investee (AUD)	$2.15	-
Conversion price (AUD)	$2.80	-
Exchange rate (US$:AUD$)	0.7829	-

(Expressed in United States dollars)

7. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

	February 28, 2021	August 31, 2020
Accounts payable	$ 140,244	$ 9,844
Accrued liabilities	1,940	30,390
Due to related parties (note 8)	71,666	435,000
	$ 213,850	$ 475,234

8. Related party transactions:

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

	Three months ended		Six months ended	
	February 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
Senior management remuneration	$ 186,130	$ 5,751	$ 341,810	$ 11,501
Directors’ fees	22,500	-	40,833	-
Share-based compensation	351,021	3,517,093	2,420,500	3,517,093
	$ 559,651	$ 3,522,844	$ 2,803,143	$ 3,528,594

During the six months ended February 28, 2021, the Company reimbursed office rent of $186,965 (2020 - $169,627) and office renovation costs of $122,154 (2020 - nil) to a company controlled by a director of the Company. There is no contractual rent obligation for the Company as the lease agreement is with the company controlled by the director. The Company is invoiced for reimbursement by the company controlled by a director of the Company on a monthly basis. The office renovation costs were one time renovations for the Hong Kong office.

As at February 28, 2021, accounts payable and accrued liabilities include an amount of $71,666 (August 31, 2020 - $435,000) due to officers and directors of the Company and/or companies controlled by officers of the Company, related to fees for services. The amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

At February 28, 2021, the Company holds investments and convertible debentures in NexGen, a company related by way of a common director and IsoEnergy, a company controlled by NexGen.

At February 28, 2021, two significant shareholders, Wyloo Metals. (“Wyloo”) and Corom Pty Ltd. (“Corom”), a company controlled by a relative of a director of the Company, each beneficially own, or exercise control or direction over 71,263,003 common shares, respectively, constituting approximately 25.70%, respectively, of the current issued and outstanding shares of the Company.

(Expressed in United States dollars)

9. Share capital:

(a) Common shares:

Authorized: unlimited number of common shares without par value

Issued: 277,252,651 common shares as at February 28, 2021 and August 31, 2020

There were no share capital transactions during the six months ended February 28, 2021.

(b) Warrants:

There were no warrants outstanding at February 28, 2021 and August 31, 2020.

(c) Stock options:

The Company has an incentive stock option plan in place 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. The stock option plan allows for the option price at the time each option is granted to be not less than the discounted market price as calculated and defined in accordance with the policies of the TSX-V. Options granted under the plan will have a term not to exceed ten years. Vesting is determined at the discretion of the Board of Directors and in accordance with the policies of the TSX-V.

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

	Number of options	Weighted average exercise price
		In CA$
As at August 31, 2019	1,000,000	0.13
Exercised	(1,000,000)	0.13
Issued	25,500,000	0.44
As at August 31, 2020	25,500,000	0.44
Cancelled	(14,350,000)	0.55
As at February 28, 2021	11,150,000	0.30

On October 12, 2020, 14,350,000 options exercisable at $0.55 were cancelled. For the six months ended February 28, 2021, a total of $2,448,605 (2020 - $5,318,598) was recognized of which $749,684 (2020 - nil) was for the cancelled options.

On February 3, 2020, the Company granted 11,000,000 stock options, exercisable at CA$0.30 per share for a term of 5 years. The options vest as to 50% upon grant date and a further 50% after a period of 12 months. The Company determined the grant date fair value of $3,856,346.

(Expressed in United States dollars)

9. Share capital (continued):

(c) Stock options (continued):

On February 18, 2020, the Company granted 14,500,000 stock options, exercisable at CA$0.55 per share for a term of 5 years. The options vest as to 50% upon grant date and a further 50% after a period of 12 months. The Company determined the grant date fair value of $7,002,556.

The fair value of all compensatory options granted is estimated on the grant date using the Black-Scholes Options Pricing Model.

The weighted average of the inputs used in the calculation of the fair value of the stock options on the date of issue are as follows:

	February 28, 2021	August 31 2020
Volatility	-	188.49%
Expected life	-	5 years
Risk-free interest rate	-	1.31%
Expected dividend yield	-	0.00%

A summary of the Company's outstanding options as at February 28, 2021 is as follows:

Exercise price	Number of options outstanding	Number of options exercisable	Expiry date
0.30	11,000,000	11,000,000	February 3, 2025
0.55	150,000	150,000	February 18, 2025
	11,150,000	11,150,000	

10. Basic and diluted income (loss) per share:

The calculation of basic income per share for the three and six months ended February 28, 2021 is calculated using the weighted average number of common shares outstanding of 277,252,651 (February 29, 2020 – 53,988,720 and 48,711,817 respectively).

Diluted income per share for the three and six-months ended February 28, 2021 was calculated using the weighted average number of common shares outstanding, and adjusted for the dilutive effect of 11,150,000 stock options. Diluted loss per share for the three and six-months ended February 29, 2020 did not include the 25,600,000 options, as the effect would be anti-dilutive or the stock options had exercise prices that were higher than the weighted average share price for the year.

(Expressed in United States dollars)

11. 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 February 28, 2021 and August 31, 2020:

	February 28, 2021	August 31, 2020
Fair value through profit and loss:		
Investments at fair value	115,748,826	54,660,440
Amortized cost:		
Cash	4,893,705	25,073,826
Receivables	759,040	293,996
Accounts payable and accrued liabilities	213,850	475,234

As at February 28, 2021 and August 31, 2020, financial instruments that are not measured at fair value on the balance sheet are represented by cash, receivables and accounts payable and accrued liabilities. The fair value of these financial instruments approximates the carrying value due to their short-term nature.

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).

(Expressed in United States dollars)

11. Financial instruments and risk management (continued):

The Company's financial assets measured at fair values through profit or loss are as follows:

February 28, 2021	Level 1	Level 2	Level 3
Investments at fair value	$ 42,992,114	$ 72,756,712	$ -

August 31, 2020	Level 1	Level 2	Level 3
Investments at fair value	$ 23,894,339	$ 30,766,101	$ -

There were no asset transfers between levels for the six months ended February 28, 2021.

Fair value of investments classified as level 2 are reconciled as follows:

	August 31, 2020	Additions / dispositions	Unrealized gain	February 28, 2021
Convertible debentures	$ 30,766,101	$ 20,000,000	$ 21,990,611	$ 72,756,712

(a) 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
- Market price risk

11. Financial instruments and risk management (continued):

(b) 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 three concentrated convertible debentures at February 28, 2021 that made up 43% NexGen, 28% IsoEnergy and 29% Adriatic Metals. At August 31, 2020 there were two concentrated convertible debentures that made up 66% NexGen and 34% IsoEnergy.

(c) 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 capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. Historically, the Company's primary source of financing has been the issuance of equity securities for cash, through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity financing. As of February 28, 2021 and August 31, 2020, the Company had no significant contractual obligations other than those included in accounts payable and accrued liabilities.

(Expressed in United States dollars)

11. Financial instruments and risk management (continued):

(d) Interest and foreign exchange risk:

The Company is subject to normal risks including fluctuations in foreign exchange rates and interest 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 February 28, 2021, the Company is exposed to limited interest rate risk as it earns very little interest on its cash balance due to current near zero interest rates in Canada and the United States. The Company has assets which are denominated in Canadian ("CA") dollars. The Company's exposure to exchange rate fluctuations arises mainly on foreign currency fluctuations against the U.S. dollar functional currency.

The United States dollar equivalent of the amounts denominated in foreign currencies are as follows:

	February 28, 2021	August 31, 2020
Cash	845,520	59,023
Receivables	64	20,423
Investments	42,992,114	23,894,339
Accounts payable and accrued liabilities	39,362	39,445

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables, investments, and accounts payable and accrued liabilities that are denominated in CA dollar. As at February 28, 2021, net assets totalling $43,829,509 (August 31, 2020 - $23,934,340) were held in CA dollar. Based on the above net exposure as at February 28, 2021 and assuming all other variables remain constant, a 2% depreciation or appreciation of the CA dollar against the U.S. dollar would result in an increase or decrease of approximately $876,590 (August 31, 2020 - $478,687) in the Company's net income (loss) and comprehensive income (loss).

(e) Market price risk:

Market price risk is the risk that the 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 fair value of public entities are subject to price risk. A 5% increase/decrease in the value of all public equity investments would result in an approximate increase/decrease in the value of public market exposure and unrealized gain/loss for the six months ended February 28, 2021 in the amount of approximately $5.8 million (August 31, 2020 - $2.7 million).

12. 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. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

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 marketplace;
(b) to maintain growth of shareholders’ equity; and
(c) to continue taking a conservative approach towards financial leverage and management of financial risks.

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