



Queen's Road Capital Investment Ltd.
Management's Discussion & Analysis
For the three and six months ended February 28, 2022

Effective Date of this Report: April 8, 2022

This Management's Discussion & Analysis ("MD&A") is intended to help the reader understand the significant factors that have affected the performance of Queen's Road Capital Investment Ltd. and its subsidiary (collectively "QRC", "we", "us", "our" or the "Company") and such factors that may affect its future performance. This MD&A should be read in conjunction with the Company's condensed interim financial statements for the three and six months ended February 28, 2022 and the audited financial statements for the year ended August 31, 2021, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB"). The Consolidated Financial Statements are available under QRC's profile on SEDAR at www.sedar.com. All amounts in this MD&A are expressed in United States dollars, unless otherwise stated.

Cautionary Statement on Forward-Looking Information

Except for statements of historical fact, this MD&A contains certain "forward looking information" and "forward looking statements" within the meaning of applicable securities laws, which reflect Management's current expectations, assumptions, and beliefs of the Company as of the date of such information or statements. Generally, forward looking statements and information can be identified by the use of forward looking terminology such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative connotation thereof.

All such forward-looking statements are based on certain assumptions and analyses made by Management in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances. These statements are, however, subject to known and unknown risks and uncertainties and other factors. As a result, actual results, performance, or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits will be derived therefrom. These risks, uncertainties and other factors include, among others: but are not limited to, statements with respect to the Company's future growth, results of operations, performance and business prospects, opportunities, the Company's investment strategy, investment process, and competitive advantage, growth expectation and opportunities, the availability of future acquisition opportunities and use of the proceeds from financing.

Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that statements containing forward looking information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on statements containing forward looking information. All the forward-looking information and statements contained in this document are expressly qualified, in their entirety, by this cautionary statement. The forward-looking information and statements are made as of the date of this document, and we assume no obligation to update or revise them except as required pursuant to applicable securities laws.

Description of the Business

The Company is a resource focused investment company, making investments in privately held and publicly traded resource companies. The Company acquires and holds securities for long-term capital appreciation, with a focus on convertible debt securities of issuers having resource projects in advanced development or production located in safe jurisdictions. QRC is a Hong Kong based company listed on the TSX Venture Exchange under the symbol "QRC".

Key Accomplishments during the Three and Six months Ended February 28, 2022

\$21 Million Canadian Dollar ("C\$") Investment in Osisko Green Acquisition Ltd.

On September 8, 2021, the Company completed a C\$21 million investment in Osisko Green Acquisition Ltd. ("Osisko Green"). Key terms of the Osisko Green investment include:

- Purchase of 665,000 Class B Shares;
- Purchase of 2,000,000 Class A Restricted Voting Units, (each comprising one Class A Restricted Voting Share and one-half of one Warrant); and
- Purchase of 931,988 Funding Warrants.

Declaration and Payment of Maiden Dividend

On October 18, 2021, the Company announced its maiden dividend of C\$0.015 per share to all shareholders on record as of November 15, 2021. The dividend was paid on November 19, 2021 and 74% of shareholders elected to reinvest their dividend in shares of the Company through the Company's dividend reinvestment plan ("DRIP").

Approval of Share Repurchase Program

On November 19, 2021 the Company approved a share repurchase program valid for a period of twelve months. Purchases will be conducted by a third-party broker until November 21, 2022. Any shares purchased under the SRP will be held in treasury for use under subsequent DRIP related share issuances.

C\$100 Million Private Placement

On February 28, 2022 the Company announced the completion of a non-brokered private placement of 156,250,000 shares at a price of C\$0.64 per share for gross proceeds of C\$100 million.

Key Accomplishments after the Three and Six months Ended February 28, 2022

\$4 Million Investment in Los Andes Copper Ltd.

On April 4, 2022, the Company completed the purchase of an additional \$4 million convertible debenture issued by Los Andes Copper Ltd. ("Los Andes") having the following principal terms:

- 8.0% interest payable quarterly – 5% in cash and 3% in Los Andes common shares;
- 5-year maturity; and
- Debenture convertible into Los Andes common shares at C\$19.67per share.

QRC earned a 3% establishment fee on the principal amount of the Los Andes debenture, which was settled by 9,914 common shares.

Investments

The Company has adopted an investment policy (the “**Investment Policy**”) to govern the Company’s investment activities which provides, among other things, the investment objectives and strategy based on the fundamental principles set out below. A copy of the Investment Policy is posted on the Company’s website and filed on SEDAR.

Investment Objectives

The Company invests primarily in public and privately held companies, primarily in the natural resource sector, with the objective of increasing shareholder return while seeking to preserve capital and limit downside risk by focusing on opportunities with attractive risk to reward profiles. The Company seeks to identify investments by utilizing the experience and expertise of its Management and Board. The Company seeks out superior investments that may include the acquisition of shares, equity, debt, convertible securities, royalty arrangements or streaming arrangements for public or private corporations with a focus on convertible debt securities.

Investment Strategy

In light of the numerous investment opportunities across the entire natural resources sector, the Company aims to adopt a flexible approach to investment targets without placing unnecessary limits on potential returns on its investment.

This approach is demonstrated in the Company’s proposed investment strategy set out below.

- The Company invests in the securities of both public and private natural resource companies and may take part in private or public offerings for predetermined equity positions, royalties, debt or convertible or preferred securities.
- Initial investments of debt, equity or a combination thereof may be made in public or private companies through a variety of financial instruments including, but not limited to, private placements, participation in initial public offerings, bridge loans, secured loans, unsecured loans, convertible debentures, warrants and options, royalties, net profit interests and other hybrid instruments.
- Investment arrangements may include a combination of securities including, but not limited to equity, debt, convertible debentures, warrants, preferred shares, bridge financing, collateral, royalty arrangements or other securities as deemed appropriate by the Company’s Management and in compliance with the Investment Policy. In certain cases, the Company expects to enter into oversight arrangements as a condition of the investment. Oversight may range from Board appointments, advisory positions, or management consulting positions with the target companies.
- The Company may purchase or sell securities on public exchanges.
- The Company reserves the right to acquire all or part of other businesses or assets of a target company that management believes will enhance the value for shareholders. The Company will place no formal limit on the size of potential investments and may require future equity or debt financings to raise money for specific investments.
- The Company may make investments in extra-ordinary activities, or activities not in the normal course of business, which may include but not be limited to mergers, acquisitions, corporate restructurings, spin-offs, take-overs, bankruptcies or liquidations, public listings, leveraged buyouts or start-ups. The Company may elect to invest in such events, provide financing, or purchase securities in exchange for fees, interest or equity positions.
- The majority of investments are expected to have an expected life of investment of four to five years; however, the Company may also invest in opportunities that could provide longer-term capital appreciation.
- Depending on market conditions, the Company intends to fully invest its available capital, apart from operating expenses.
- The Company will seek to maintain the ability to actively review and revisit all of investments on an ongoing basis.

- The Company will evaluate the liquidity of investments and seek to realize value from same in a prudent and orderly fashion.
- All investments will be made in compliance with applicable laws in relevant jurisdictions, and in compliance with any associated exchange policy.

Management and the Board of the Company may authorize investments outside the guidelines described above if they feel the investment is for the benefit of the Company and its shareholders.

Investment Selection, Evaluation and Decision Making Process

The Company will pursue opportunities referred through investment banks, venture capital firms, legal and accounting firms and its professional network, and will gather insight into each opportunity, including its business model, financial prospects, management team, and the use of funds.

Management will research each investment target, and will analyze and review opportunities with each target and provide a recommendation to the Board as a whole. Research activities undertaken by management will include gathering complete details about the target company's business strategy, financial history, management team, growth objectives, products, markets, competitive forces, and capital requirements.

Management will oversee the due diligence activities. When deemed necessary, the Company may augment its review activities by outsourcing research requirements on specific investment opportunities to independent firms (accounting/financial, legal or industry analysts) that have professional relationships with the Company. Management will assess the financing needs of the target company in order to determine if the opportunity is compatible with the investment returns specific to the Company's investment criteria. The result of Management's review will conclude with a recommendation to the Board indicating if the Company should consider an investment in the target company. Management recommendations may range from:

- continuing to consider investment,
- recommending not to invest,
- considering investment with certain agreement covenants, and
- working with the target company in an advisory capacity in an effort to ready the target company for an investment at a later date.

The Board will make the final investment decision in respect of any opportunity presented to it be Management.

Composition of Investment Portfolio

The Company invests the majority of its funds in the securities of resource companies. Investments made by the Company may take different forms, including equity, debt, convertible debentures, royalties and metal streaming, although the Company is primarily focused on convertible debt securities.

As of the date of this report, the Company has invested a total of approximately \$86.0 million mainly in five different resource companies as presented in the table below.

Completion Date	Company	Investment	Investment Type
27/05/2020	NexGen Energy Ltd.	US\$15,000,000	Equity
27/05/2020	NexGen Energy Ltd.	US\$15,000,000	Convertible Debt
19/08/2020	IsoEnergy Ltd.	US\$6,000,000	Convertible Debt
01/12/2020	Adriatic Metals Plc	US\$20,000,000	Convertible Debt
02/06/2021	Los Andes Copper Ltd.	US\$5,000,000	Convertible Debt
08/09/2021	Osisko Green Acquisition Ltd.	C\$21,000,000	Equity
04/04/2022	Los Andes Copper Ltd.	US\$4,000,000	Convertible Debt

Income Generation

The Company generates income from its investments in three main forms: (a) interest income from its convertible securities, (b) capital gains/losses from the disposal of its investments and (c) fees earned as part of its investments.

a) Interest income

The Company receives interest income from its investments in convertible securities on a quarterly or semi-annual basis, depending on the specific terms of each investment. Some of the Company's investments settle a portion of the interest payment in the form of equity.

The following table presents the annual interest payments the Company expects to receive on an annual basis from its current investments (assuming interest payments are made by the investee issuers on a timely basis).

Convertible Debt Investment	Investment Amount	Annual Coupon	Annual Interest Income
NexGen Energy Ltd.	US\$15,000,000	7.5%	US\$1,125,000
IsoEnergy Ltd.	US\$6,000,000	8.5% ⁽¹⁾	US\$510,000
Adriatic Metals Plc	US\$20,000,000	8.5%	US\$1,700,000
Los Andes Copper Ltd.	US\$9,000,000	8.0%	US\$720,000
			US\$4,055,000

(1) Annual coupon reduces to 7.5% on filing of an economically positive preliminary economic assessment compliant with the requirements of National Instrument 43-101 of the Canadian Securities Commission.

b) Capital gains/losses

The Company may generate income from capital gains/losses through the sale of its investments. Capital gains/losses could come in the form of (a) sale of any equity investments, (b) sale of any convertible security investments or (c) sale of any equity shares received as settlement of interest income. As of the date of this report, the Company has not realized on any material capital gains/(losses) from its investments since it continues to hold all investments made since its inception as an investment company.

c) Fees

The Company may generate income from fees earned as part of its investments. The Company has earned establishment fees when it completed the four convertible securities investments made to date. Establishment fees have been paid either in cash or shares.

The following table presents the establishment fees earned by the Company on its investments to-date:

Investment	Establishment Fee	Payment Method	Payment
NexGen Energy Ltd. Convertible Debt	3.0%	Shares	348,350 shares
IsoEnergy Ltd. Convertible Debt	3.0%	Shares	219,689 shares
Adriatic Metals Plc Convertible Debt	3.0%	Cash	\$600,000
Los Andes Copper Ltd. Convertible Debt (2021)	3.0%	Cash	\$150,000
Los Andes Copper Ltd. Convertible Debt (2022)	3.0%	Shares	9,914 shares

Market Value of Investments

The Company has investments in publicly listed issuers and as such the market value of these investments moves with the share prices of the investee issuers. As most of the Company's investments are in convertible debt securities, the Company is less exposed to the risk of fluctuations to the market price of the equity securities in which it invests than it would be if it invested in those equity securities directly.

The following table presents the key assumptions used for the valuations of investments as at the date of this report:

Assumptions	As at April 8, 2022	
C\$ / \$ Exchange Rate	C\$ / \$	C\$1.26
A\$ / \$ Exchange Rate	A\$ / \$	A\$1.34
NexGen Energy Ltd. ("NXE.TO") Share Price	C\$ / share	C\$7.79
IsoEnergy Ltd. ("ISO.V") Share Price	C\$ / share	C\$5.46
Adriatic Metals Plc ("ADT.AX") Share Price	A\$ / share	A\$2.60
Los Andes Copper Ltd. ("LA.V") Share Price	C\$ / share	C\$15.20
Osisko Green Acquisition Ltd. ("GOGR.TO") Share Price	C\$ / share	C\$9.80

a) Market Value of Equity Investments

The calculation of the market value of the Company's equity investments is straight forward as most of its investments are in investee issuers whose equity is listed and trading on stock exchanges (such as the TSX, TSXV, and LSE). Based on the share prices the current market value of the Company's current equity investments, as at the date of this report, is as follows:

	Securities Owned	Original Investment	Current Value As at April 8, 2022	Value Increase (decrease) over Original Investment
NexGen Energy Ltd.	11,611,667	\$15,000,000	\$71,852,320	\$56,852,320
Osisko Green Acquisition Ltd. Class A Restricted Voting Shares	2,000,000	\$14,989,100	\$15,569,148	\$580,048
Other Investments	Various	NM ⁽¹⁾	\$13,271,551	NM ⁽¹⁾

(1) *Not meaningful as "Other Investments" include (a) securities purchased for investment purposes and (b) securities received as establishment fees and in settlement of interest receivable held for investment purposes that had no original investment cost to the Company.*

b) Market Value of Convertible Debt Investments

The market value of convertible debt investments is more complex as it is the sum of a number of parts: (a) the standalone debt portion of the investment, (b) the conversion option of the investment, (c) the market value of any equity issued (and held) either as compensation for an establishment fee and/or as settlement for interest income due and (d) any accrued interest due at the date of the valuation. As of the date of this report, the market value of the Company's convertible debt investments is as follows:

<i>As at April 8, 2022</i>	Principal Amount Outstanding	Accrued Interest	In-the-money Conversion Option	Black-Scholes Conversion Option	Current Value	Value Increase Over Principal Amount
NexGen Energy Ltd.	\$15,000,000	\$371,875	\$34,935,899	\$3,044,871	\$53,352,645	\$38,352,645
IsoEnergy Ltd.	\$6,000,000	\$138,833	\$31,227,272	\$1,677,273	\$39,043,378	\$33,043,378
Adriatic Metals Plc	\$20,000,000	\$37,778	Nil	\$7,685,159	\$27,722,937	\$7,722,937
Los Andes Copper Ltd.	\$5,000,000	\$43,333	\$2,024,032	\$2,710,720	\$9,778,085	\$4,778,085
Los Andes Copper Ltd.	\$4,000,000	\$3,556	Nil	\$1,862,125	\$5,865,681	\$1,865,681

Results for the three and six months ended February 28, 2022

Overall Performance

	Three Months Ended February 28, 2022	Three Months Ended February 28, 2021	Six Months Ended February 28, 2022	Six Months Ended February 28, 2021
		\$	\$	\$
Interest income	935,047	834,065	1,868,863	1,244,124
Establishment fee income	-	600,000	-	600,000
Realized gain on equity investments	-	-	322,400	-
Unrealized gain on equity investments	8,038,210	21,008,508	11,959,605	18,854,016
Unrealized gain on convertible debentures	1,124,848	22,392,216	10,498,127	21,990,611
Income from Investments	10,098,105	44,834,789	24,648,995	42,688,751

Interest income from investments during the three and six months ended February 28, 2022 of \$935,047 and \$1,868,863 respectively mainly represents the interest income earned on Adriatic, NexGen, IsoEnergy and Los Andes. Interest income from investments during the three months ended February 28, 2021 of \$834,065 mainly represents the interest income on the NexGen and IsoEnergy debentures. Interest income from investments during the six months ended February 28, 2021 of \$1,244,124 mainly represents the interest income on the NexGen, Adriatic and IsoEnergy debentures.

There was no establishment fee income in the three and six months ended February 28, 2022. Establishment fee income during the three and six months ended February 28, 2021 of \$600,000 represents the 3% establishment fee earned on the Adriatic convertible debenture, paid in cash.

Realized gain on equity investments during the six months ended February 2022 of \$322,400 (2020 - nil) arise from the sale of equity investments.

Unrealized gain on equity investments during the three months ended February 28, 2022 of \$8,038,210 mainly represents the gains generated from increases the stock price of NexGen and during the six months ended February 28, 2022 of \$11,959,605 mainly represents gains arising from the investments in NexGen and Osisko Green.

Unrealized gain on equity investments during the three and six months ended February 28, 2021 of \$21,008,508 and \$18,854,016 mainly represents gains generated from the increases in the stock prices of NexGen.

Unrealized gain on convertible debentures during the three months ended February 28, 2022 of \$1,124,848 mainly represents gains in the fair value of the debentures in NexGen and Los Andes partially offset by reduction in the fair value of the debentures in Adriatic and IsoEnergy. Unrealized gain on convertible debentures during the six months ended February 28, 2022 of \$10,498,127 mainly represents gains in the fair value of the debentures in IsoEnergy, NexGen and Los Andes partially offset reductions in the fair value of debentures in Adriatic.

Unrealized gain on convertible debentures during the three and six months ended February 28, 2021 of \$22,392,216 and \$21,990,611 respectively represents gains in the fair value of the NexGen, IsoEnergy and Adriatic debentures.

Investments at Fair Value

As at February 28, 2022, the Company had the following investments:

	Fair Value At February 28, 2022
	\$
Equity Investments of Public Companies:	
NexGen Energy Ltd.	61,542,728
Osisko Green Acquisition Ltd.	15,057,574
Other equity investments held for investment purposes	8,924,681
Convertible Debentures:	
NexGen Energy Ltd.	44,668,526
IsoEnergy Ltd.	28,821,590
Adriatic Metals PLC	19,292,303
Los Andes Copper Ltd.	8,140,225
Total	186,447,627

Fair Value is calculated using a valuation model of a system of two coupled Black Scholes equations and partial differential equations that are solved simultaneously using finite-difference methods. The fair value is for accounting purposes only. The Company's market value of these investments is detailed in the section above titled **Market Value of Investments**.

The continuity of the Company's investments during the ended February 28, 2022 is as follows:

	August 31, 2021	Additions	Net Proceeds From Disposition	Realized Gains	Unrealized Gains	February 28, 2022
	\$	\$	\$	\$	\$	\$
Equity investments	55,970,983	17,862,855	(590,866)	322,400	11,959,605	85,524,983
Convertible debentures	90,424,517	-	-	-	10,498,127	100,922,644
Total	146,395,500	17,862,855	(590,866)	322,400	22,457,732	186,447,627

Selected Annual Information

The following table provides a summary of the Company's financial results. For more details, please refer to the audited annual consolidated financial statements. Comparative information for the year ended August 31, 2019 has been translated to U.S. dollars as a result of the Company's change in functional and presentation currency effective September 1, 2020.

	Year ended August 31, 2021	Year ended August 31, 2020	Year ended August 31, 2019
	\$	\$	\$
Income from investments	71,391,730	17,142,576	-
Income (loss) for the year	67,024,933	5,112,147	(959,616)
Basic income (loss) per share	0.24	0.03	(0.03)
Diluted income (loss) per share	0.23	0.03	(0.03)
Total assets	149,224,629	80,053,613	1,526,205

Summary of Quarterly Results

Quarter Ended	Income (Loss)		Net Income (Loss)	Net Income (Loss) Per Share Basic	Net Income (Loss) Per Share Diluted
	Total Assets	From Investments			
	\$	\$	\$	\$	\$
28-02-2022	267,997,472	10,098,105	4,164,965	0.01	0.01
30-11-2021	180,563,770	14,550,890	13,886,606	0.05	0.05
31-08-2021	149,224,629	1,184,415	659,957	0.00	0.00
31-05-2021	148,620,043	27,518,563	27,140,343	0.10	0.09
28-02-2021	121,465,466	44,834,789	43,906,253	0.16	0.15
30-11-2020	77,678,600	(2,146,038)	(4,681,622)	(0.02)	(0.02)
31-08-2020	80,053,631	15,206,153	11,246,495	0.15	0.15
31-05-2020	75,010,016	1,936,423	(368,826)	(0.00)	(0.00)
29-02-2020	65,663,722	-	(5,589,884)	(0.11)	(0.11)

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

Income from Investments during the three months ended February 28, 2022 was principally attributed to unrealized gain on equity investments in NexGen. Income from Investments during the three months ended November 30, 2021 was principally attributable to unrealized gain on the convertible debenture investments in IsoEnergy, Los Andes and NexGen combined with unrealized gain on the equity investment in Osisko Green partially offset by loss on the convertible debenture investment in Adriatic. Income from Investments in the three months ended August 31, 2021 was principally attributable to interest income earned on convertible debenture investments and unrealized gain on convertible debentures investments mainly offset by unrealized losses on equity investments. Income from Investments during the three months ended May 31, 2021 and February 28, 2021, was principally attributable to unrealized gains on equity investments in NexGen shares due to the change in the underlying share prices and on the debenture investments in NexGen, IsoEnergy and Adriatic.

Loss from Investments during the three months ended November 30, 2020, was principally attributable to unrealized losses on the equity investments in NexGen and IsoEnergy due to the change in the underlying share prices of the issuers.

Income from Investments during the three months ended August 31, 2020 and May 31, 2020 was principally attributable to unrealized gains on the investments in NexGen and IsoEnergy due to the change in the underlying share prices of the issuers.

Net income during the three months ended February 28, 2022, November 30, 2021, August 31, 2021, May 31, 2021, February 28, 2021, and August 30, 2020, is attributable to Income from Investments less operating expenses. Net loss during the three months ended November 30, 2020 and May 31, 2020, was due unrealized losses and operating expenses. Net loss during the three months ended February 29, 2020, was principally attributable to share-based compensation grants of \$7 million following completion of the \$84 million capital raising.

Results of Operations

Income from Investments for the Three and Six Months Ended February 28, 2022 and February 28, 2021

	For the Three Months		For the Six Months	
	February 28, 2022	February 28, 2021	February 28, 2022	February 28, 2021
	\$	\$	\$	\$
Interest income	935,047	834,065	1,868,863	1,244,124
Establishment fee income	-	600,000	-	600,000
Realized gain from investments	-	-	322,400	-
Unrealized gain from investments	9,163,058	43,400,724	22,457,732	40,844,627
	10,098,105	44,834,789	24,648,995	42,688,751

During the three and six months ended February 28, 2022, the Company recorded income from investments of \$10,098,105 and \$24,648,995 respectively compared to income in the three and six months ended February 28, 2021 of \$44,834,789 and \$42,688,751 respectively. The decrease for the three and six months ended February 28, 2022 compared to the prior periods was mainly due to lower unrealized gain from investments which was primarily attributable to the relatively lower increase in the share prices of the investments between the corresponding periods. The decrease was also due to establishment fee income recorded in the three and six months to February 28, 2021 partially offset in the six months to February 28, 2022 by realized gain from investments.

Interest income for the three and six months ended February 28, 2022 of \$935,047 and \$1,868,863 respectively compared to \$834,065 and \$1,244,124 in the three and six months ended February 28, 2021. The Company primarily earned interest income on its convertible debenture securities. The increase for the three and six months ended February 28, 2022 compared to the prior period was due to the purchase of additional investments in convertible debentures generating increased interest income.

Establishment fee income for the three and six months ended February 28, 2022 of nil compared to \$600,000 in the three and six months ended February 28, 2021. The income in 2021 was as a 3% establishment fee on the principal amount of the \$20,000,000 Adriatic convertible debenture, paid in cash.

Realized gain from investments for the six months ended February 28, 2022 was \$322,400 compared to nil in the three and six months ended February 28, 2021. There was no realized gain from investments in the three months ended February 28, 2022. The income reflected is gain from the sale of equity investments. The gain reflects the number equity investments sold and the individual share price at the time of sale compared to the carrying value of the investments at the beginning of the financial year.

Unrealized gain from investments, for the three and six months ended February 28, 2022 of \$9,163,058 and \$22,457,732 respectively compared to compared to unrealized gain from investments of \$43,400,724 and \$40,844,627 respectively for the three and six months ended February 28, 2021. The unrealized gain was attributable to an increase in the value of investments in equities of public companies owned by the Company, due to an increase in the underlying share prices of the investments held partially offset by the impact of the depreciation of Canadian dollars against United States dollars, combined with an increase in the fair value of the majority of the convertible debenture securities. The relative movement in the share price between the start and end of the period was lower in the three and six months ended February 28, 2022 than in the three and six months ended February 28, 2021 resulting in a lower unrealized gain. The amount of gain or loss from investments in future quarters will depend on the share price, volatility of the stock, remaining life of the debentures and credit adjusted interest rate during such quarters.

Operating Expenses for the three months ended February 28, 2022 and February 28, 2021

	February 28, 2022	February 28, 2021	Increase (decrease)
	\$	\$	\$
Consulting	2,352	3,142	(790)
Directors' fees	15,750	22,500	(6,750)
Foreign exchange gain	(172,440)	(15,996)	(156,444)
Interest expense and financing costs	278,168	-	278,168
Management fees	690,000	186,130	503,870
Office & administration	60,165	33,716	26,449
Office rent	91,936	93,146	(1,210)
Office renovation costs	-	122,154	(122,154)
Professional fees	34,646	49,082	(14,436)
Regulatory fees and transfer agent fees	10,207	94,117	(83,910)
Share-based compensation	4,911,163	345,797	4,565,366
Travel	11,194	189	11,005
	5,933,141	933,977	4,999,164

Significant changes for the three months ended February 28, 2022 compared to February 28, 2021 are as follows:

- Directors' fees decreased \$6,750 due to fewer directors in 2022 compared to 2021. Monthly fees have not changed between periods.
- Foreign exchange gain increased \$156,444 due to mainly due the impact of the CA/US rate fluctuation on Canadian dollar cash raised in a private placement by the Company just prior to the end of the period partially offset by foreign exchange losses on a Canadian dollar bank loan drawn down on September 1, 2021. The exchange rate movement did not have a significant impact on the translation of the Canadian dollar cash balances in the prior period.
- Interest expenses and financing costs increased \$278,168 due to the drawdown of a secured bank loan on September 1, 2021.
- Management fees increased \$503,870 due to additional staff, an increase in the fees from January 1, 2022 and management bonuses.
- Office & administration increased \$26,449 mainly due to agency fees relating to the negotiation of an office lease.
- Office renovation costs decreased \$122,154 due to one-time expenses related to renovating the office in Hong Kong in 2021.
- Professional fees decreased \$14,436 mainly due to the timing of various corporate activities.
- Regulatory and transfer agent fees decreased \$83,910 due to the timing of various corporate activities.
- Share-based payments increased \$4,911,163 due to timing of vesting of stock options granted to executives, directors and consultants.
- Travel increased \$11,005 due to more business travel.

Operating Expenses for the six months ended February 28, 2022 and February 28, 2021

	February 28, 2022	February 28, 2021	Increase (decrease)
	\$	\$	\$
Consulting	4,735	37,685	(32,950)
Directors' fees	31,500	40,833	(9,333)
Foreign exchange gain	(239,272)	(15,078)	(224,194)
Interest expense and financing costs	548,861	-	548,861
Management fees	870,000	341,810	528,190
Office & administration	120,095	75,468	44,627
Office rent	184,104	186,965	(2,861)
Office renovation costs	-	122,154	(122,154)
Professional fees	91,225	122,811	(31,586)
Regulatory fees and transfer agent fees	63,819	116,939	(53,120)
Share-based compensation	4,911,163	2,448,605	2,462,558
Travel	11,194	4,145	7,049
	6,597,424	3,482,337	3,115,087

Significant changes for the six months ended February 28, 2022 compared to February 28, 2021 are as follows:

- Consulting expenses decreased \$32,950 as fewer independent consultants were hired to assist the Company.
- Directors' fees decreased \$9,333 due to fewer directors in 2022 compared to 2021. Monthly fees have not changed between periods.
- Foreign exchange gain increased \$224,194 due to mainly due to the impact of the CA/US rate fluctuation on a Canadian dollar cash raised in a private placement by the Company just prior to the end of the period partially offset by foreign exchange losses on a Canadian dollar bank loan drawn down on September 1, 2021. The exchange rate movement did not have a significant impact on the retranslation of the Canadian dollar cash balances in the prior period.
- Interest expenses and financing costs increased \$548,861 due to the drawdown of a secured bank loan on September 1, 2021.
- Management fees increased \$528,190 due to additional staff, an increase in the fees from January 1, 2022 and management bonuses.
- Office & administration increased \$44,627 due to agency fees relating to the negotiation of an office lease and increased office running costs.
- Office renovation costs increased \$122,154 due to one-time expenses related to renovating the office in Hong Kong.
- Professional fees decreased \$31,586 mainly due to the timing of various corporate activities.
- Regulatory and transfer agent fees decreased \$53,120 due to the timing of various corporate activities.
- Share-based payments increased \$2,462,558 due to timing of vesting of stock options granted to executives, directors and consultants.
- Travel increased \$7,049 due to more business travel.

Liquidity & Capital Resources

Cash Flows

<u>Six months ended</u>	<u>February 28, 2022</u>	<u>February 28, 2021</u>
	\$	\$
Operating activities	(127,358)	(203,843)
Financing activities	95,354,765	-
Investing activities	(16,934,505)	(20,000,000)
Change in cash during the six months	78,292,902	(20,203,843)

Net cash used in operating activities for the six months ended February 28, 2022 was \$127,358 (February 28, 2021 - \$203,843). The cash used in operating activities for the six months ended February 28, 2021 consists primarily net income of \$18,051,571 (February 28, 2021- \$39,224,632) adjusted for Items not affecting cash, changes in working capital, and the reflection of interest income received and interest expenses paid.

Significant items not affecting cash for the six months ended February 28, 2022 were unrealized gain on investments of \$22,457,732 (February 28, 2021- \$40,844,627) and share-based payments of \$4,911,163 (February 28, 2021 - \$2,448,605). Interest income recorded on convertible debentures of \$1,867,500 (February 28, 2021 - \$1,239,182), and interest expenses and financing costs on bank loans of \$548,861 (February 28, 2021 - nil) were adjusted to reflect interest received on convertible debentures of \$1,530,010 (February 28, 2021 - \$510,021) and interest paid on bank loans of \$285,735 (February 28, 2021 - nil). There was a decrease in net working capital items during the six months ended February 28, 2022 of \$104,491 (February 28, 2021 - increase of \$279,570).

Financing activities for the six months ended February 28, 2022 was \$95,354,765 (February 28, 2021 - nil). The cash provided by financing activities for the six months ended February 28, 2022 consists of net proceeds from the issue of common shares by private placement \$78,234,930, the issue of common shares on the exercise of stock options \$1,942,920 and a secured bank loan, net of costs, of \$16,419,503 less a cash dividend of \$882,672 and the purchase of common shares held in Treasury of \$359,916.

Investing activities for the six months ended February 28, 2022 was \$16,934,504 (February 28, 2021 - \$20,000,000). The cash used in investing activities for the six months ended February 28, 2022 was for investments of \$17,725,371 (February 29, 2020 - \$20,000,000), less the net proceeds from the sale of equity investments of \$590,866.

Capital Resources & Liquidity Risk

The Company's cash position at February 28, 2022 was \$80,672,060 (August 31, 2021 - \$2,158,142) and the Company's working capital was \$64,502,285 (August 31, 2021 - \$2,656,417). The Company has no long-term debt obligations. Borrowings comprise a bank loan repayable on September 1, 2022, which was repaid on March 3, 2022.

As at February 28, 2022, the Company believes there is sufficient working capital available to meet its current operational requirements. The Company may raise more capital for investment allocation from time to time.

Future Accounting Policy Changes

A number of new standards, amendments to standards and interpretations are not yet effective as of the date of this report, and were not applied in preparing the consolidated financial statements. None of these are expected to have a material effect on the Company's consolidated financial statements.

Significant Accounting Policies

The financial information presented in this MD&A has been prepared in accordance with International Financial Reporting Standards. The Company's management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, and expense. Actual amounts incurred by the Company may differ from these values.

The Company's significant accounting policies applied judgements and estimates are set out in the notes 2 and 3 of the audited annual consolidated financial statements for the year ended August 31, 2021.

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

Capital Commitments

The Company has no capital commitments.

Off Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Outstanding Share Data

The Company has the following common shares and stock options, outstanding as February 28, 2022 and August 31, 2021 and the date of this report.

Common Shares

The Company's authorized capital consists of 5,000,000,000 common shares with a par value of C\$0.001 each.

As at February 28, 2022 and the date of this report, there were 445,895,954 issued common shares (August 31, 2021 - 277,252,651 shares). As at February 28, 2022 the Company has purchased 660,500 common shares, which are held in Treasury (August 31, 2021 - nil).

Stock Options

As at February 28, 2022 and the date of this report, there were 38,650,000 stock options outstanding with a weighted average price of C\$0.61 and 20,900,000 stock options exercisable, with a weighted-average exercise price of C\$0.59. As at August 31, 2021 there were 11,150,000 stock options outstanding and exercisable, with a weighted-average exercise price of C\$0.30.

Impact of COVID-19

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. Measures undertaken to contain the spread of the virus, such as vaccination campaigns, have succeeded in many countries in curbing outbreaks of the virus. These measures combined with less restrictive public health measures have also provided an improving macroeconomic environment in some countries. However, the pandemic, fuelled by more contagious variants, continues to pose a risk to the economies of individual countries and also the global economy. The extent of the impact that this pandemic may have on the Company's business is still uncertain and difficult to predict and it could have a significant adverse impact on the Company's financial position and results of operations for future periods.