



Queen's Road Capital Investment Ltd.
Management's Discussion & Analysis
For the three and six months ended February 28, 2021

Effective Date of this Report: April 22, 2021

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. (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, 2021 and the audited financial statements for the year ended August 31, 2020, 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.

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 us 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, 2021

\$20 Million Investment in Adriatic Metals plc.

On October 27, 2020, the Company announced the purchase of a \$20 million convertible debenture issued by Adriatic Metals Plc (“**Adriatic**”) having the following principal terms:

- 8.5% interest payable quarterly in cash;
- 4-year maturity; and
- Debenture convertible into Adriatic common shares at Australian Dollar (“AUD”) \$2.7976 per share

The purchase was completed on December 1, 2020 and QRC earned a 3% establishment fee on the principal amount of the Adriatic debenture, paid in cash.

QRC’s investment in the Adriatic convertible debenture was made concurrently with a £6.2 million equity investment in Adriatic by the European Bank for Reconstruction & Development.

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 US\$56 million in three different resource companies as presented in the table below.

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

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%	US\$510,000
Adriatic Metals Plc	US\$20,000,000	8.5%	US\$1,700,000
			US\$3,335,000

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 three 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 Investment	3.0%	Shares	348,350 shares
IsoEnergy Ltd. Convertible Debt Investment	3.0%	Shares	219,689 shares
Adriatic Metals Plc Convertible Debt Investment	3.0%	Cash	\$600,000

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 lie in convertible debt securities, the volatility of the market value of the Company's investments is significantly less than that of any underlying equity securities.

a) Market Value of Equity Investments

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

Investment	Shares Owned	Original Investment	Value as at 22-Apr-21	Gain/(Loss) Over Original Investment
NexGen Energy Ltd.	11,611,667	\$15,000,000	\$41,802,001	\$26,802,001
Assumptions	share price	C\$1.80	C\$4.50	
	exchange rate	C\$1.39/\$	C\$1.25/\$	

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:

	NexGen Energy Ltd.	IsoEnergy Ltd.	Adriatic Metals Plc
(a) Principal Amount of Convertible Debt	\$15,000,000	\$6,000,000	\$20,000,000
(b) Conversion Option (Black Scholes)	\$18,346,155	\$12,259,091	\$8,249,929
Assumptions:			
Days Until Maturity	1,496	1,580	1.319
Share Price	C\$4.50	C\$2.25	A\$2.25
Conversion Price	C\$2.34	C\$0.88	A\$2.7976
Exchange Rate	C\$1.25/\$	C\$1.25/\$	A\$1.29/\$
Share Price Volatility	60.13%	90.01%	81.10%
Risk-free rate	0.71%	0.75%	0.29%
(c) Market Value of Shares Held	\$1,634,400	\$467,487	
Assumptions:			
Shares held issued as Establishment Fee	348,350	219,689	
Shares held issued as Interest Income	105,650	40,026	
Share Price	C\$4.50	C\$2.25	
Exchange Rate	C\$1.25/\$	C\$1.25/\$	
(d) Accrued Interest	\$415.625	\$158,667	\$103,889
Assumptions:			
Interest Rate	7.5%	8.5%	8.5%
Last Interest Payment	10/12/2020	31/12/2020	31/03/2021
Total Value as at 22-Apr-21 (a + b + c + d)	\$35,396,180	\$18,885,244	\$28,353,818
Gain/(Loss) Over Original Investment	\$20,396,180	\$12,885,244	\$8,353,818

Results for the three and six months ended February 28, 2021.

Overall Performance

The Company completed its change of name, change of business and continuance in February 2020 and completed its first investment on May 27, 2020. Results from prior periods are not comparable.

	Three Months Ended February 28, 2021	Three Months Ended February 29, 2020	Six Months Ended February 28, 2021	Six Months Ended February 29, 2020
		\$	\$	\$
Interest income on cash	2,012	-	4,942	-
Interest income from investments	832,053	-	1,239,182	-
Establishment fee income	600,000	-	600,000	-
Unrealized gain on equities	21,008,508	-	18,854,016	-
Unrealized gain on convertible debentures	22,392,216	-	21,990,611	-
Income from Investments	44,834,789	-	42,688,751	-

Interest income from investments during the three and six months ended February 28, 2021 of \$832,053 and \$1,239,182 respectively represents the interest income earned on the NexGen, IsoEnergy and Adriatic debentures.

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.

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

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, 2021, the Company had the following investments:

	Number of Shares/Units	Fair Value At February 28, 2021
Equities of Public Companies:		\$
NexGen Energy Ltd.	12,065,667	42,429,457
IsoEnergy Ltd.	259,715	562,657
Convertible Debentures:		
NexGen Energy Ltd.	-	31,633,788
IsoEnergy Ltd.	-	19,999,730
Adriatic Metals Pty	-	21,123,194
Total		115,748,826

Fair Value is calculated by an independent valuator 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, 2021 is as follows:

	August 31, 2020	Additions	Proceeds from Disposition	Realized Gains	Unrealized Gains (losses)	February 28, 2021
	\$	\$	\$	\$	\$	\$
Investments in equities of public companies	23,894,339	243,759	-	-	18,854,016	42,992,114
Investments in Convertible Debentures	30,766,101	20,000,000	-	-	21,990,611	72,756,712
Total	54,660,440	20,243,759	-	-	40,844,627	115,748,826

Selected Annual Information

The following table provides a summary of the Company's financial results. For more details, please refer to the audited financial statements.

	Year ended August 31, 2020	Year ended August 31, 2019	Year ended August 31, 2018
	\$	\$	\$
Income from investments	17,142,575	-	-
Income (loss) for the year	5,112,148	(959,616)	(189,620)
Basic income (loss) per share	0.03	(0.03)	(0.01)
Diluted income (loss) per share	0.03	(0.03)	(0.01)
Total assets	80,053,613	1,526,205	1,629,553
Total long-term liabilities	-	-	-
Total cash dividends paid	-	-	-

Summary of Quarterly Results

Quarter Ended	Total Assets	Income (Loss) from Investments	Net income (loss)	Income (loss) per share Basic	Income (loss) per share Diluted
	\$	\$	\$	\$	\$
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	15,201,714	11,247,303	0.15	0.15
31-05-2020	75,010,016	1,940,861	(364,017)	(0.00)	(0.00)
29-02-2020	65,663,722	-	(5,589,884)	(0.11)	(0.11)
Prior to change of name, change of business and continuance					
30-11-2019	1,453,504	-	(181,254)	(0.00)	(0.00)
31-08-2019	1,526,205	-	(844,687)	(0.03)	(0.03)
31-05-2019	2,370,885	-	(53,847)	(0.00)	(0.00)

The Company completed its change of name, change of business and continuance in February 2020 and completed its first investment on May 27, 2020. Prior quarters are not comparable. The Company's performance and results are not expected to be subject to seasonal variations.

Income from Operations during the three months ended February 28, 2021 was principally attributable to unrealized gains on the debenture investments in NexGen, IsoEnergy and Adriatic and equity investments in NexGen and IsoEnergy shares due to the change in the underlying share prices of the issuers.

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

Income from Operations during the three months ended August 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 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, 2021 and February 29, 2020

	For the Three Months		For the Six Months	
	February 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
	\$	\$	\$	\$
Interest income	834,065	-	1,244,124	-
Establishment fee income	600,000	-	600,000	-
Unrealized gain from investments	43,400,724	-	40,844,627	-
	44,834,789	-	42,688,751	-

During the three and six months ended February 28, 2021, the Company recorded income from investments of \$44,834,789 and \$42,688,751 respectively compared to nil income in the three and six months ended February 29, 2020. The increase for the three and six months ended February 28, 2021 was primarily due to the change of business in February 2020 and the investments completed by the Company since May 27, 2020.

Interest income for the three and six months ended February 28, 2021 of \$834,065 and \$1,244,124 respectively compared to nil interest income in the three and six months ended February 29, 2020. The Company primarily earned interest income on its convertible debenture securities.

Establishment fee income for the three and six months ended February 28, 2021 of \$600,000 compared to nil for establishment fee income in the three and six months ended February 29, 2020. The income is a 3% establishment fee on the principal amount of the \$20,000,000 Adriatic convertible debenture, paid in cash.

Unrealized gain from investments for the three and six months ended February 28, 2021 of \$43,400,724 and \$40,844,627 respectively compared to nil unrealized gain from investments in the three and six months ended February 29, 2020. The increase in unrealized gain was attributable to an increase in the value of investments in equities of public companies owned by the Company and an increase in the fair value of the convertible debenture securities. 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 interest rate during such quarters.

Operating Expenses for the three months ended February 28, 2021 and February 29, 2020

	February 28, 2021	February 29, 2020	Increase (Decrease)
	\$	\$	\$
Consulting	3,142	40,787	(37,645)
Directors' fees	22,500	-	22,500
Foreign exchange loss	(15,996)	(36,337)	20,341
Management fees	186,130	5,751	180,379
Office & administration	33,716	51,529	(17,813)
Office rent	93,146	93,690	(544)
Professional fees	49,082	96,192	(47,110)
Regulatory fees and transfer agent fees	94,117	49,279	44,838
Office renovation costs	122,154	-	122,154
Share-based compensation	345,797	5,143,900	(4,798,103)
Travel	189	8,669	(8,480)
	933,977	5,453,460	(4,519,483)

The Company completed its change of name, change of business and continuance in February 2020 and completed its first investment on May 27, 2020. Prior periods are not comparable.

Significant changes for the three months ended February 28, 2021 compared to February 29, 2020 are as follows:

- Consulting expenses decreased \$37,645 as fewer independent consultants were hired to assist the Company following a change of management and Board of Directors in May 2019.
- Directors' fees increased \$22,500 as new Directors' were appointed throughout 2020 following the reorganization of the Company. The increase from the prior period relates to timing of the approval of the compensation as the monthly fees have not changed since the approval.
- Foreign exchange loss decreased \$20,341 due to CA/US rate fluctuation on the Canadian dollar cash held by the Company.
- Management fees increased \$180,379 following the reorganization of the Company in 2020. The increase from the prior period relates to timing of the approval of the compensation as the monthly fees have not changed since the approval.
- Professional fees decreased \$47,110 as legal services in the prior period were higher due to the corporate reorganization.
- Regulatory and transfer agent fees increased \$44,838 due to the timing of various corporate activities.
- Office renovation costs increased \$122,154 due to one time expenses related to renovating the office in Hong Kong.
- Share-based payments decreased \$4,798,103 which is due to timing of vesting of stock options granted to executives, directors and consultants.

Operating Expenses for the six months ended February 28, 2021 and February 29, 2020

	February 28, 2021	February 29, 2020	Increase (Decrease)
	\$	\$	\$
Consulting	37,685	81,617	(43,932)
Directors' fees	40,833	-	40,833
Foreign exchange loss	(15,078)	(35,545)	20,467
Management fees	341,810	11,501	330,309
Office & administration	75,468	78,067	(2,599)
Office rent	186,965	169,627	17,338
Professional fees	122,811	113,789	9,022
Regulatory fees and transfer agent fees	116,939	56,534	60,405
Office renovation costs	122,154	-	122,154
Share-based compensation	2,448,605	5,318,598	(2,869,993)
Travel	4,145	36,406	(32,261)
	<u>3,482,337</u>	<u>5,830,594</u>	<u>(2,348,257)</u>

The Company completed its change of name, change of business and continuance in February 2020 and completed its first investment on May 27, 2020. Prior periods are not comparable.

Significant changes for the six months ended February 28, 2021 compared to February 29, 2020 are as follows:

- Consulting expenses decreased \$43,932 as fewer independent consultants were hired to assist the Company following a change of management and Board of Directors in May 2019.
- Directors' fees increased \$40,833 as new Director's were appointed throughout 2020 following the reorganization of the Company. The increase from the prior period relates to timing of the approval of the compensation as monthly fees have not changed since the approval.
- Foreign exchange loss of \$20,647 decreased due to CA/US rate fluctuation on the Canadian dollar cash held by the Company.
- Management fees increased \$330,309 following the reorganization of the Company in 2020. monthly fees have not changed since the approval.
- Regulatory and transfer agent fees increased \$60,405 due to the timing of various corporate activities.
- Office renovation costs increased \$122,154 due to one time expenses related to renovating the office in Hong Kong.
- Share-based payments decreased \$2,869,993 which is due to timing of vesting of stock options granted to executives, directors and consultants.
- Travel decreased \$32,261 due to travel restriction due to COVID-19.

Liquidity & Capital Resources

Cash Flows

Six months ended	February 28, 2021	February 29, 2020
	\$	\$
Operating activities	(180,121)	(465,335)
Investing activities	(20,000,000)	-
Financing activities	-	64,532,547
Change in cash during the three months	<u>(20,180,121)</u>	<u>64,067,212</u>

Net cash used in operating activities for the six months ended February 28, 2021 was \$180,121 (February 29, 2020 – \$465,335). The cash used in operating activities for the six months ended February 28, 2021 consists primarily net income of \$39,224,632 (February 29, 2020 – loss of \$5,771,137), share-based payments of \$2,448,605 (February 29, 2020 - \$5,318,598), unrealized gain on investments of \$40,844,627 (February 29, 2020 - nil), interest income of

\$1,239,182 (February 29, 2020 - \$nil) , interest received of \$510,021 (February 29, 2020 - \$nil) and net change in non-cash working capital items during the six months of \$230,451 (February 29, 2020 - \$12,796).

Financing activities for the six months ended February 28, 2021 was nil (February 29, 2020 – \$64,532,547). The cash provided by financing activities for the six months ended February 28, 2021 consists of common shares issued by private placement of nil (February 29, 2020 - \$64,442,837) and common shares issued by stock option exercise of nil (February 29, 2020 - \$89,710).

Investing activities for the six months ended February 28, 2021 was \$20,000,000 (February 29, 2020 – nil). The cash used in investing activities for the six months ended February 28, 2021 was for investments of \$20,000,000 (February 29, 2020 - nil).

Capital Resources & Liquidity Risk

The Company's cash position at February 28, 2021 was \$4,893,705 (August 31, 2020 - \$25,073,826) and the Company's working capital was \$5,502,790 (August 31, 2020 - \$24,917,939). The Company has no long-term debt obligations.

As at February 28, 2021, 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.

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 note 3 of the audited annual financial statements for the year ended August 31, 2020 except for the impact of the change in functional currency described below.

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.

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;
- the classification and measurement of investments; and
- 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, stock options, and share purchase warrants outstanding:

Common Shares

The Company's authorized capital consists of an unlimited number of voting common shares without par value.

As at February 28, 2021 and at the date hereof, there were 277,252,651 issued and outstanding common shares.

Stock Options

As at February 28, 2021 and at the date hereof, there were 11,150,000 stock options outstanding and exercisable, with weighted-average exercise price of \$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. 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.