



Queen's Road Capital Investment Ltd.
Management's Discussion & Analysis

For the three months ended November 30, 2021

Effective Date of this Report: January 7, 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 consolidated financial statements for the three months ended November 30, 2021 and the audited consolidated financial statements for the year ended August 31, 2021 and the related notes attached thereto, 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 their experience and perception of historical trends, current conditions and expected future developments, as well as other factors they 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.



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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 Months Ended November 30, 2021

\$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.

The investment was financed by a C\$21,000,000 margin loan provided by a major Canadian bank. The loan has an annual interest rate of Canadian Dollar Offer Rate ("**CDOR**") plus 4.75%. The loan is secured by some of the Company's long-term investments.

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.

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.



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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.



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- 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 by 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.



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As of the date of this report, the Company has invested a total of approximately \$77.5 million 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

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 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\$5,000,000	8.0%	US\$400,000
			US\$3,735,000

(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 and/or establishment fees. As of the date of this report, the Company has not realized any material capital gains (losses) from its investments since it continues to hold all major investments made since its inception as an investment company.



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(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	3.0%	Cash	\$150,000

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 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.

Assumptions:

		As at January 7, 2022
C\$ / \$ Exchange Rate	C\$ / \$	C\$1.27
A\$ / \$ Exchange Rate	A\$ / \$	A\$1.40
NexGen Energy Ltd. ("NXE.TO") Share Price	C\$ / share	C\$5.88
IsoEnergy Ltd. ("ISO.V") Share Price	C\$ / share	C\$4.09
Adriatic Metals Plc ("ADT.AX") Share Price	A\$ / share	A\$2.48
Los Andes Copper Ltd. ("LA.V") Share Price	C\$ / share	C\$11.30
Osisko Green Acquisition Ltd. ("GOGR.TO") Share Price	C\$ / share	C\$9.61
Osisko Green Acquisition Ltd. ("GOGR.W.TO") Warrant Price	C\$ / warrant	C\$0.63



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(a) Market Value of Equity Investments:

The calculation of the current market value of the Company's current equity investments is straightforward as most of its current 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, as of the date of this report, the market value of the Company's equity investments is as follows:

	Securities Owned	Original Investment	Current Value As at January 7, 2022	Value Increase (Decrease) over Original Investment
NexGen Energy Ltd.	11,611,667	\$15,000,000	\$53,905,418	\$38,905,418
Osisko Green Acquisition Ltd. Class A Restricted Voting Shares	2,000,000	\$14,989,100	\$15,174,483	\$185,383
Other Investments ⁽¹⁾	Various	\$1,526,218	\$7,594,015	\$6,067,796

(1) Includes (a) securities purchased for investment purposes and (b) securities received as establishment fees and in settlement of interest receivable held for investment purposes, which 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 and (c) 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:

As at January 7, 2022	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	\$87,500	\$22,692,309	\$18,538,461	\$41,318,270	\$26,318,270
IsoEnergy Ltd.	\$6,000,000	\$9,917	\$21,886,363	\$7,950,000	\$29,846,280	\$23,846,280
Adriatic Metals Plc	\$20,000,000	\$33,056	Nil	\$27,456,390	\$27,489,446	\$7,489,446
Los Andes Copper Ltd.	\$5,000,000	\$42,222	\$221,812	\$8,026,340	\$8,290,374	\$3,290,374



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Results for the Three Months Ended November 30, 2021

Overall Performance

	Three Months Ended November 30, 2021	Three Months Ended November 30, 2020
	\$	\$
Interest income	933,816	410,059
Realised gain on sale of Investments	322,400	-
Unrealized gain (loss) on equity investments	3,921,395	(2,154,492)
Unrealized gain (loss) on convertible debentures	9,373,279	(401,605)
Income (Loss) from Investments	14,550,890	(2,146,038)

Interest income from investments during the three months ended November 30, 2021 of \$933,816 mainly represents the interest income earned on the Adriatic, NexGen, IsoEnergy and Los Andes debentures. Interest income from investments during the three months ended November 30, 2020 of \$410,059 mainly represents the interest income on the NexGen and IsoEnergy debentures.

Realized gain on sale of investments during the three months ended November 30, 2021 of \$322,400 (2020 - nil) arise from the sale of equity investments.

Unrealized gain on equity investments during the three months ended November 30, 2021 of \$3,921,395 mainly represents gains arising from the investment in Osisko Green. Unrealized loss on equities during the three months ended November 30, 2020 of \$2,154,492 represents losses mainly due to a decrease in the underlying stock prices of NexGen.

Unrealized gain on convertible debentures during the three months ended November 30, 2021 of \$9,373,279 represents gains in the fair value of IsoEnergy, Los Andes and NexGen convertible debentures partially offset by a decrease in the fair value of the Adriatic convertible debenture. Unrealized loss on convertible debentures during the three months ended November 30, 2020 of \$401,605 represents a decrease in the fair value of NexGen convertible debenture partially offset by an increase in the fair value of IsoEnergy convertible debenture.



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Investments at Fair Value

As at November 30, 2021, the Company had the following investments:

	Fair Value At November 30, 2021
	\$
Equity Investments of Public Companies:	
NexGen Energy Ltd.	54,279,504
Osisko Green Acquisition Ltd.	14,930,470
Other equity investments held for investment purposes	6,966,751
Convertible Debentures:	
NexGen Energy Ltd.	40,541,870
IsoEnergy Ltd.	30,174,296
Adriatic Metals PLC	22,785,602
Los Andes Copper Ltd.	6,296,028
Total	175,974,521

Fair value of common shares and warrants in public companies is calculated based on quoted closing market prices.

Fair value of convertible debentures 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 three months ended November 30, 2021 is as follows:

	August 31, 2020	Additions	Net Proceeds From Disposition	Realised Gains	Unrealized Gains	November 30, 2021
	\$	\$	\$	\$	\$	\$
Equity investments	55,970,983	16,552,813	(590,866)	322,400	3,921,395	76,176,725
Convertible debentures	90,424,517	-	-	-	9,373,279	99,797,796
Total	146,395,500	16,552,813	(590,866)	322,400	13,294,674	175,974,521



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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
Total long-term liabilities	-	-	-
Total cash dividends paid	-	-	-

Summary of Quarterly Results

Quarter Ended	Total Assets	Income (Loss) From Investments	Net Income (Loss)	Net Income (Loss) Per Share Basic	Net Income (Loss) Per Share Diluted
	\$	\$	\$	\$	\$
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)
Prior to change of name, change of business and continuance					
30-11-2019	1,453,504	-	(181,254)	(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 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 partially offset by loss on Adriatic combined with increase in the equity investment in Osisko Green. Income from Investments in the three months ended August 31, 2021 was principally attributable to interest income earned on convertible debenture investments. Income from Investments during the three months ended May 31, 2021 and 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.



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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 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, 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 Months ended November 30, 2021 and November 30, 2020

	For the Three Months	
	November 30, 2021	November 30, 2020
	\$	\$
Interest income	933,816	410,059
Realized gain from investments	322,400	-
Unrealized (loss) gain from investments	13,294,674	(2,556,097)
	14,550,890	(2,146,038)

During the three months November 30, 2021, the Company recorded income from investments of \$14,550,890 compared to a loss from investments in the three months ended November 30, 2020 of \$2,146,038. The increase for the three months ended November 30, 2021, compared to the prior period was mainly due unrealized gain from investments in the current period compared to unrealized losses from investments in the prior period which is mainly attributable to the movement in the share prices of the investments in each of the period combined the increase in the number of investments held by the Company. The increase in the number of investments held by the Company also generated additional interest income in the period ended November 30, 2021 compared to the prior period.

Interest income for the three months ended November 30, 2021 of \$933,816 compared to \$410,059 interest income in the three months ended November 30, 2020. The income reflected is primarily interest income earned on convertible debentures. The increase for the three months ended November 30, 2021, compared to the prior period was due to purchases of additional investments in convertible debentures generating increased interest income.

Realised gain from investments for the three months ended November 30, 2021 of \$322,400. There was no realized gain from investments in the three months ended November 30, 2020. 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.



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Unrealized gain from investments, for the three months ended November 30, 2021, of \$13,294,674 compared to unrealized loss from investments of \$2,556,097 for the three months ended November 30, 2020. The unrealized gain for the three months ended November 30, 2021 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 unrealized loss for the three months ended November 20, 2020 was due to a decrease in the value of investments in equities of public companies owned by the Company, due to a decrease in the underlying share prices of the investments and a decrease 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 November 30, 2021 and November 30, 2020

	November 30, 2021	November 30, 2020	Increase (Decrease)
	\$	\$	\$
Consulting	2,384	34,544	(32,160)
Directors' fees	15,750	18,333	(2,583)
Foreign exchange (gain) loss	(66,832)	918	(67,750)
Interest expense and financing costs	270,693	-	270,693
Management fees	180,000	155,680	24,320
Office & administration	59,930	41,752	18,178
Office rent	92,168	93,819	(1,651)
Professional fees	56,579	73,730	(17,151)
Regulatory and transfer agent fees	53,612	22,821	30,791
Share-based compensation	-	2,102,808	(2,102,808)
Travel	-	3,955	(3,955)
	664,284	2,548,360	(1,884,076)

Significant changes for the three months ended November 30, 2021 compared to November 30, 2020 are as follows:

- Consulting expenses decreased \$32,160 as fewer independent consultants were hired to assist the Company.
- Directors' fees decreased \$2,583 mainly due to the decrease in the number of directors.
- Foreign exchange loss of \$918 changed by \$67,750 to a gain of \$66,832 mainly due the impact of the CA/US rate fluctuation on a Canadian dollar bank loan entered into in the current period generating unrealized foreign exchange gains partially offset by foreign exchange losses on Canadian dollar cash held by the Company compared to the prior period when the exchange rate movement did not have a significant impact on the retranslation of the Canadian dollar cash balances.
- Interest expenses and financing costs increased \$270,693 due to a secured bank loan drawn down on September 1, 2021.
- Management fees increased \$24,320 due to additional employees.
- Office and administration increased \$18,178 mainly due increased office running costs.
- Professional fees decreased \$17,151 mainly due to the timing of various corporate activities.
- Regulatory and transfer agent fees increased \$30,791 mainly due to the timing of various corporate activities.



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- Share-based payments decreased \$2,102,808 which is due to timing of vesting of stock options granted to executives, directors, and consultants.
- Travel decreased \$3,955 due to travel restriction implemented due to COVID-19.

Liquidity and Capital Resources

Cash Flows

Three Months Ended November 30	2021	2020
	\$	\$
Operating activities	(174,031)	(201,310)
Financing activities	17,479,751	-
Investing activities	(15,924,452)	-
Change in cash and cash equivalents during the year	1,381,268	(201,310)

Net cash used in operating activities for the three months ended November 30, 2021 was \$174,031 (2020 - used \$201,310). The net cash used in operating activities for the three months ended November 30, 2021 and November 30, 2020, respectively, consists primarily of net income of \$13,886,606 (2020 - loss \$4,681,622) adjusted for items not affecting cash, including interest income on convertible debentures of \$933,750 (2020 - \$407,130), interest expense and financing costs of \$270,693 (2020 - nil), share-based compensation of nil (2020 - \$2,102,808); unrealized gain on investments of \$13,294,674 (2020 - loss \$2,556,097), realized gains on investments of \$322,400 (2020 - nil) and unrealized currency translation gains of \$164,051 (2020 - \$4,789) while reflecting interest received on convertible debentures of \$487,500 (2020 - nil), interest expenses paid on borrowings \$66,271 (2020 - nil) and the net increase in non-cash working capital items during the period of \$37,684 (2020 - decrease \$233,326).

Financing activities for the three months ended November 30, 2021 was \$17,479,751 (2020 - nil). The cash provided by financing activities for the three months ended November 30, 2021 consists of common shares issued by stock option exercise of \$1,942,920 and secured bank loan, less costs, of \$16,419,503 less dividend paid in cash of \$882,672.

Investing activities for the three months ended November 30, 2021 was \$15,924,452 (2020 - nil). The cash used in investing activities for the three months ended November 30, 2021 was for investments of \$16,515,318 less the net proceeds from the sale of equity investments of \$590,866.

Capital Resources and Liquidity Risk

The Company's cash position at November 30, 2021 was \$3,461,962 (August 31, 2021 - \$2,158,142) and the Company's had a negative working capital of \$11,975,750 (August 31, 2021 - positive \$2,656,417). The Company has no long-term debt obligations, Borrowings comprise a bank loan repayable on September 1, 2022.

As at November 30, 2021, the Company believes there is sufficient working capital available to meet its current operational requirements despite the Company's negative working capital, The Company may raise more capital for investment allocation or refinancing from time to time as required.



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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 November 30, 2021 and 2020 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 November 30, 2021 and the date of this report, there were 289,645,954 issued and outstanding common shares (August 31, 2021 - 277,252,651 shares).



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Stock Options

As at November 30, 2021 and the date of this report, there were 3,150,000 stock options outstanding and exercisable, with a weighted-average exercise price of C\$0.30. 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. 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 United States, 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.