



Queen's Road Capital Investment Ltd.
Management's Discussion & Analysis
For the three and nine months ended May 31, 2022

Effective Date of this Report: July 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 nine months ended May 31, 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 Toronto Stock Exchange under the symbol "QRC".

Key Accomplishments during the Three and Nine months Ended May 31, 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.

\$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 plus one day maturity; and
- Debenture convertible into Los Andes common shares at C\$19.67 per share.

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

\$20 Million Investment in Contango ORE, Inc.

On April 26, 2022, the Company completed the purchase of a \$20 million convertible debenture issued by Contango ORE, Inc. (“**Contango**”) having the following principal terms:

- 8.0% interest payable quarterly – 6% in cash and 2% in Contango common shares;
- 4-year maturity; and
- Debenture convertible into Contango common shares at \$30.50 per share.

QRC earned a 3% establishment fee on the principal amount of the Contango debenture, which was settled by 24,174 common shares.

Key Accomplishments after the Three and Nine months Ended May 31, 2022

Graduation to the Toronto Stock Exchange

On July 6, 2022, the Company delisted its common shares from the TSX Venture Exchange (“TSXV”) and listed its common shares on the Toronto Stock Exchange (“TSX”).

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 \$106 million mainly in six 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
26/04/2022	Contango ORE, Inc.	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 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
Contango ORE, Inc.	US\$20,000,000	8.0%	US\$1,600,000
Other Convertible Debt Investments	US\$9,000,000	8.0%	US\$720,000
			US\$5,655,000

(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 establishment fees or 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 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
Contango ORE, Inc.	3.0%	Shares	24,174 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 July 8, 2022
C\$ / \$ Exchange Rate	C\$ / \$	C\$1.30
A\$ / \$ Exchange Rate	A\$ / \$	A\$1.47
NexGen Energy Ltd. ("NXE.TO") Share Price	C\$ / share	C\$4.98
IsoEnergy Ltd. ("ISO.V") Share Price	C\$ / share	C\$2.82
Adriatic Metals Plc ("ADT.AX") Share Price	A\$ / share	A\$1.89
Osisko Green Acquisition Ltd. ("GOGR.TO") Share Price	C\$ / share	C\$9.75
Contango ORE, Inc. (CTGO.US) Share Price	US\$/shares	US\$22.50

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, LSE and NYSE). 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 July 8, 2022	Value Increase (decrease) over Original Investment
NexGen Energy Ltd.	11,611,667	\$15,000,000	\$44,591,380	\$29,591,380
Osisko Green Acquisition Ltd. Class A Restricted Voting Shares	2,000,000	\$14,989,100	\$15,037,014	\$47,914
Other Investments	Various	NM ⁽¹⁾	\$11,065,845	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 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:

<i>As at July 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	\$87,500	\$16,923,078	\$4,410,257	\$36,420,835	\$21,420,835
IsoEnergy Ltd.	\$6,000,000	\$11,333	\$13,227,272	\$2,393,182	\$21,631,787	\$15,631,787
Adriatic Metals Plc	\$20,000,000	\$37,778	Nil	\$3,395,768	\$23,433,546	\$3,433,546
Contango ORE, Inc.	\$20,000,000	\$324,444	Nil	\$6,192,800	\$26,517,244	\$6,517,244
Other Convertible Debt Investments	\$9,000,000	\$76,000	\$1,769,872	\$4,416,205	\$15,262,077	\$6,262,077

Results for the three and nine months ended May 31, 2022

Overall Performance

	Three Months Ended May 31, 2022	Three Months Ended May 31, 2021	Nine Months Ended May 31, 2022	Nine Months Ended May 31, 2021
	\$	\$	\$	\$
Interest income	1,194,720	838,593	3,063,583	2,082,718
Establishment fee income	720,000	-	720,000	600,000
Realized gain on equity investments	-	-	322,400	-
Unrealized (loss) gain on equity investments	(7,908,970)	15,793,113	4,050,635	34,647,129
Unrealized (loss) gain on convertible debentures	(11,295,424)	10,886,857	(797,297)	32,877,468
(Loss) income from Investments	(17,289,674)	27,518,563	7,359,321	70,207,315

Interest income from investments during the three and nine months ended May 31, 2022 of \$1,194,720 and \$3,063,583 respectively mainly represents the interest income earned on Adriatic, NexGen, IsoEnergy, Contango and Los Andes. Interest income from investments during the three months ended May 31, 2021 of \$838,593 mainly represents the interest income on the Adriatic, NexGen and IsoEnergy debentures. Interest income from investments during the nine months ended May 31, 2021 of \$2,082,718 mainly represents the interest income on the Adriatic, NexGen and IsoEnergy debentures.

Establishment fee income in the three and nine months ended May 31, 2022 of \$720,000 represents the 3% establishment fee earned on the Contango and Los Andes 2022 convertible debentures, settled in shares. Establishment fee income during the nine months ended May 31, 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 nine months ended May 31, 2022 of \$322,400 (2020 - nil) arise from the sale of equity investments.

Unrealized loss on equity investments during the three months ended May 31, 2022 of \$7,908,970 mainly represents the losses arising from the investment in NexGen due to decreases in the share price of NexGen. Unrealized gain on equity investments during the nine months ended May 31, 2022 of \$4,050,635 mainly represents gains arising from the investments in Osisko Green and NexGen.

Unrealized gain on equity investments during the three and nine months ended May 31, 2021 of \$15,793,113 and \$34,647,129 mainly represents gains arising from the investment in NexGen due to increases in the share price of NexGen.

Unrealized loss on convertible debentures during the three months ended May 31, 2022 of \$11,295,424 mainly represents reductions in the fair value of the debentures in IsoEnergy, NexGen and Contango partially offset by increases in the fair value of the debentures in Adriatic. Unrealized loss on convertible debentures during the nine months ended May 31, 2022 of \$797,297 mainly represents reductions in the fair value of the debentures in Adriatic and Contango partially offset by increases in the fair value of the debentures in Los Andes and IsoEnergy.

Unrealized gain on convertible debentures during the three and nine months ended May 31, 2021 of \$10,886,857 and \$32,877,468 respectively represents gains in the fair value of the NexGen, IsoEnergy and Adriatic debentures.

Investments at Fair Value

As at May 31, 2022, the Company had the following investments:

	Fair Value At May 31, 2022
	\$
Equity Investments of Public Companies:	
NexGen Energy Ltd.	55,081,104
Osisko Green Acquisition Ltd.	15,306,016
Other equity investments held for investment purposes	11,771,129
Convertible Debentures:	
NexGen Energy Ltd.	40,113,475
IsoEnergy Ltd.	23,045,228
Adriatic Metals PLC	20,113,680
Contango ORE, Inc.	18,066,334
Other Convertible Debentures	12,288,503
Total	113,627,220

Fair Value of equity investments is calculated based on the closing market price of the relevant equity investment. Fair value of the 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 period ended May 31, 2022 is as follows:

	August 31, 2021	Additions	Net Proceeds From Disposition	Realized Gains	Unrealized Gains (Loss)	May 31, 2022
	\$	\$	\$	\$	\$	\$
Equity investments	55,970,983	22,405,097	(590,866)	322,400	4,050,635	82,158,249
Convertible debentures	90,424,517	24,000,000	-	-	(797,297)	113,627,220
Total	146,395,500	46,405,097	(590,866)	322,400	3,253,338	195,785,469

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	Total Assets	Income (Loss) From Investments	Net Income (Loss)	Net Income (Loss) Per Share Basic	Net Income (Loss) Per Share Diluted
	\$	\$	\$	\$	\$
31-05-2022	233,522,989	(17,289,674)	(18,883,882)	(0.04)	(0.04)
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)

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

Loss from Investments during the three months ended May 31, 2022 was principally attributed to unrealized loss on equity investments in NexGen due to the change in the underlying share price and unrealized loss on the convertible debentures in IsoEnergy, NexGen and Contango.

Income from Investments during the three months ended February 28, 2022 was principally attributed to unrealized gain on equity investments in NexGen due to the change in the underlying share price. 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 due to the change in the underlying share prices. 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 unrealized gains on the convertible 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.

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.

Net loss during the three months ended May 31, 2022, November 30, 2020 and May 31, 2020, was due unrealized losses and operating expenses.

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.

Results of Operations

(Loss) Income from Investments for the Three and Nine Months Ended May 31, 2022 and May 31, 2021

	For the Three Months		For the Nine Months	
	May 31, 2022	May 31, 2021	May 31, 2022	May 31, 2021
	\$	\$	\$	\$
Interest income	1,194,720	838,593	3,063,583	2,082,718
Establishment fee income	720,000	-	720,000	600,000
Realized gain from investments	-	-	322,400	-
Unrealized (loss) gain from investments	(19,204,394)	26,679,970	3,253,338	67,524,597
	(17,289,674)	27,518,563	7,359,321	70,207,315

During the three months ended May 31, 2022, the Company recorded loss from investments of \$17,289,674 compared to income from investments in the three months ended May 31, 2021 of \$27,518,563. The decrease for the three months ended May 31, 2022 compared to the prior period was mainly due to unrealized losses on investments compared to unrealized gain on investments which was primarily attributable to the decrease in share prices of investments compared to an increase in share prices in the corresponding period. The loss was partially offset by an increase in establishment fee income and interest income in the three months to May 31, 2022 compared to the corresponding period.

During the nine months ended May 31, 2022, the Company recorded income from investments of \$7,359,321 compared to income in the nine months ended May 31, 2021 of \$70,207,315. The decrease for the nine months ended May 31, 2022 compared to the prior period 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 partially offset by higher interest income, as a result of more investments in convertible debentures, a realized gain from investments, as a result of a sale of equity investments, and higher establishment fee income, due to the number of investments made in the period compared to the corresponding period.

Interest income for the three and nine months ended May 31, 2022 of \$1,194,720 and \$3,063,583 respectively compared to \$838,593 and \$2,082,718 in the three and nine months ended May 31, 2021. The Company primarily earned interest income on its convertible debenture securities. The increase for the three and nine months ended May 31, 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 nine months ended May 31, 2022 of \$720,000 for both periods compared to nil in the three months to May 31, 2021 and \$600,000 in the nine months ended May 31, 2021. The income in 2022 was a 3% establishment fee on the principal amounts of the \$4m Los Andes convertible debenture and the \$20m Contango convertible debenture. The income in 2021 was a 3% establishment fee on the principal amount of the \$20m Adriatic convertible debenture.

Realized gain from investments for the nine months ended May 31, 2022 was \$322,400 compared to nil in the three months and nine months ended May 31, 2021. There was no realized gain from investments in the three months ended May 31, 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 loss from investments for the three months ended May 31, 2022 of \$19,204,394 and unrealized gain from investments for the nine months ended May 31, 2022 of \$3,253,338 to compared to unrealized gain from investments of \$26,679,970 and \$67,524,597 respectively for the three and nine months ended May 31, 2021. The unrealized loss in the three months ended May 31, 2022 was mainly attributable 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 held, combined with a decrease in the fair value of some of the convertible debenture securities. The share price of the underlying issuers decreased between the start and end of the three months ended May 31, 2022 compared to an increase in the corresponding period resulting in an unrealized loss compared to an unrealized gain in the corresponding period. The increase in the share price of the underlying issuers was lower in the nine months ended May 31, 2022 compared to the corresponding period resulting in a lower unrealized gain in the period ended May 31, 2022 compared to the corresponding period. 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 May 31, 2022 and May 31, 2021

	May 31, 2022	May 31, 2021	Increase (decrease) expenses (Increase) decrease gain
	\$	\$	\$
Consulting	2,367	2,437	(70)
Depreciation	31,107	-	31,107
Directors' fees	15,750	19,931	(4,181)
Foreign exchange gain	(293,820)	(21,996)	(271,824)
Interest expense and financing costs	122,944	-	122,944
Interest expense on lease liabilities	4,427	-	4,427
Management fees	225,000	172,500	52,500
Office & administration	56,614	25,342	31,272
Office rent	37,312	92,446	(55,134)
Professional fees	65,573	48,271	17,302
Regulatory fees and transfer agent fees	(333)	36,344	(36,677)
Share-based compensation	1,310,441	-	1,310,441
Travel	16,828	3,983	12,845
	1,594,210	379,258	1,214,952

Significant changes for the three months ended May 31, 2022 compared to May 31, 2021 are as follows:

- Depreciation increased \$31,107 due to monthly depreciation a right-of-use asset recognised as the Company entered a lease for the office commencing on April 1, 2022.
- Directors' fees decreased \$4,181 due to fewer directors in 2022 compared to 2021. Monthly fees per director have not changed between periods.
- Foreign exchange gain increased \$271,824 mainly due the impact of the CA/US rate fluctuation on Canadian dollar cash raised in a private placement by the Company in February 2022 together with a foreign exchange gain on a Canadian dollar bank loan repaid in the period. 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 \$122,944 due to the drawdown of a secured bank loan on September 1, 2021. The loan and all accrued interest due were repaid in March 2022.
- Management fees increased \$52,500 due to additional staff and an increase in the fees from January 1, 2022.
- Office & administration increased \$31,272 due to higher costs from increased activity.
- Office rent decreased by \$55,134 due to the Company entering a lease for the office, with the costs reflected as depreciation on the right-of-use asset and interest expense on the lease liabilities from April 1, 2022.
- Professional fees increased \$17,302 mainly due to the timing of various corporate activities.
- Regulatory and transfer agent fees decreased \$36,677 due to the timing of various corporate activities.
- Share-based payments increased \$1,310,441 due to timing of vesting of stock options granted to executives, directors and consultants.

- Travel increased \$12,845 due to more business travel.

Operating Expenses for the nine months ended May 31, 2022 and May 31, 2021

	May 31, 2022	May 31, 2021	Increase (decrease) expenses (Increase) decrease gain
	\$	\$	\$
Consulting	7,102	40,122	(33,020)
Depreciation	31,107	-	31,107
Directors' fees	47,250	60,764	(13,514)
Foreign exchange gain	(533,092)	(37,074)	(496,018)
Interest expense and financing costs	671,805	-	671,805
Interest on lease liabilities	4,427	-	4,427
Management fees	1,095,000	514,310	580,690
Office & administration	176,709	100,810	75,899
Office rent	221,416	279,410	(57,994)
Office renovation costs	-	122,154	(122,154)
Professional fees	156,798	171,082	(14,284)
Regulatory fees and transfer agent fees	63,486	153,282	(89,796)
Share-based compensation	6,221,604	2,448,605	3,772,999
Travel	28,022	8,130	19,892
	8,191,634	3,861,595	4,330,039

Significant changes for the nine months ended May 31, 2022 compared to May 31, 2021 are as follows:

- Consulting expenses decreased \$33,020 as fewer independent consultants were hired to assist the Company.
- Depreciation increased \$31,107 due to monthly depreciation on a right-of-use asset recognised as the Company entered a lease for the office commencing on April 1, 2022.
- Directors' fees decreased \$13,514 due to fewer directors in 2022 compared to 2021. Monthly fees per director have not changed between periods.
- Foreign exchange gain increased \$496,018 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 in February 2022 together with a foreign exchange gain on a Canadian dollar bank loan repaid in the period. 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 \$671,805 due to the drawdown of a secured bank loan on September 1, 2021. The loan and all accrued interest due were repaid in March 2022.
- Management fees increased \$580,690 due to additional staff, an increase in the fees from January 1, 2022 and management bonuses.
- Office & administration increased \$75,899 due to higher costs from increased activity.
- Office rent decreased by \$57,994 due to due to the Company entering a lease for the office, with the costs reflected as depreciation on the right-of-use asset and interest expense on the lease liabilities from April 1, 2022.
- Office renovation costs decreased \$122,154 due to one-time expenses related to renovating the office in Hong Kong in 2021.
- Professional fees decreased \$14,284 mainly due to the timing of various corporate activities.
- Regulatory and transfer agent fees decreased \$89,796 due to the timing of various corporate activities.
- Share-based payments increased \$3,772,999 due to timing of vesting of stock options granted to executives, directors and consultants.
- Travel increased \$19,892 due to more business travel.

Liquidity & Capital Resources

Cash Flows

<u>Nine months ended</u>	<u>May 31, 2022</u>	<u>May 31, 2021</u>
	\$	\$
Operating activities	(436,116)	(18,847)
Financing activities	78,160,372	-
Investing activities	(44,719,251)	(20,000,000)
Change in cash during the nine months	33,005,005	(20,18,847)

Cash used in operating activities for the nine months ended May 31, 2022 was \$436,116 (May 31, 2021 - \$18,847). The cash used in operating activities for the nine months ended May 31, 2022 consists primarily net loss of \$832,311 (May 31, 2021- net income \$66,364,976) adjusted for items not affecting cash, the reflection of interest income received and interest expenses paid and changes in working capital.

Significant items not affecting cash for the nine months ended May 31, 2022 were unrealized gain on investments of \$3,253,338 (May 31, 2021 - \$67,524,597); share-based compensation of \$6,221,604 (May 31, 2021 - \$2,448,605); establishment fee income of \$720,000 (May 31, 2021 - nil); realized gain on investments of \$322,400 (May 31, 2021 - nil) and depreciation of \$31,107 (May 31, 2021 - nil).

Interest income recorded on convertible debentures of \$3,007,472 (May 31, 2021 - \$2,076,250) was adjusted to reflect interest received on convertible debentures of \$2,017,520 (May 31, 2021 - \$1,078,981). Interest expenses and financing costs on bank loans of \$671,805 (May 31, 2021 - nil) was adjusted to reflect interest paid of \$434,107 (May 2021 – nil). There was an increase in net working capital items during the nine months ended May, 2022 of \$260,422 (May 31, 2021 - increase of \$247,847).

Financing activities for the nine months ended May 31, 2022 was \$78,160,372 (May 31, 2021 - nil). The cash provided by financing activities for the nine months ended May 31, 2022 consists of net proceeds from the issue of common shares by private placement \$78,231,983, the issue of common shares on the exercise of stock options \$1,942,920 and a secured bank loan, net of costs, of \$16,419,502. These funds were reduced by the repayment of the secured bank loan of \$16,657,200; the purchase of common shares held in treasury of \$875,574; a cash dividend of \$882,672 and payment of lease liabilities of \$18,587.

Investing activities for the nine months ended May 31, 2022 was \$45,719,250 (May 31, 2021 - \$20,000,000). The cash used in investing activities for the nine months ended May 31, 2022 was for investments of \$45,310,117 (May 31, 2021 - \$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 May 31, 2022 was \$35,715,003 (August 31, 2021 - \$2,158,142) and the Company's working capital was \$37,007,732 (August 31, 2021 - \$2,656,417). The Company has long-term lease liabilities of \$366,378 (August 31, 2021 – nil).

As at May 31, 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 ("IFRS"). 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. In addition, IFRS 16 "Leases" was adopted in the three and nine months ended May 31, 2022 to account for a lease arrangement entered into by the Company.

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 May 31, 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 May 31, 2022 and the date of this report, there were 445,895,954 issued common shares (August 31, 2021 - 277,252,651 shares). As at May 31, 2022 the Company has purchased 1,500,000 common shares, which are held in treasury (August 31, 2021 - nil).

Stock Options

As at May 31, 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.