



Queen's Road Capital Investment Ltd.
(formerly Lithion Energy Corp.)
Management's Discussion & Analysis
For the three months ended November 30, 2020

Effective Date of this Report: January 27, 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 months ended November 30, 2020 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 both long-term capital appreciation and short-term gains, with a focus on convertible debt securities and 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, 2020

\$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 A\$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 our 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 27/1/21	Gain/(Loss) Over Original Investment
NexGen Energy Ltd.	11,611,667	US\$15,000,000	US\$32,449,042	US\$17,449,042
Assumptions	share price	C\$1,80	C\$3.57	
	exchange rate	\$1.39/US\$	C\$1.28/\$	

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	US\$15,000,000	US\$6,000,000	US\$20,000,000
(b) Conversion Option (Black Scholes)	US\$13,262,821	US\$11,529,545	US\$7,484,987
Assumptions:			
Days Until Maturity	1,581	1,665	1,404
Share Price	C\$3.57	C\$2.08	A\$2.03
Conversion Price	C\$2.34	C\$0.88	A\$2.7976
Exchange Rate	C\$1.28/\$	C\$1.28/\$	A\$1.29/\$
Share Price Volatility	59.4%	96.2%	82.4%
Risk-free rate	0.41%	0.41%	0.39%
(c) Market Value of Shares Held	US\$1,268,712	US\$422,863	
Assumptions:			
Shares held issued as Establishment Fee	348,350	219,689	
Shares held issued as Interest Income	105,650	40,026	
Share Price	C\$3.57	C\$2.08	
Exchange Rate	C\$1.28/\$	C\$1.28/\$	
(d) Accrued Interest	US\$150,000	US\$38,250	US\$269,167
Assumptions:			
Interest Rate	7.5%	8.5%	8.5%
Last Interest Payment	10/12/2020	31/12/2020	-
Total Value as at 27/1/21 (a + b + c + d)	US\$29,681,534	US\$17,990,658	US\$27,754,154
Gain/(Loss) Over Original Investment	US\$14,681,534	US\$11,990,658	US\$7,754,154

Results for the three months ended November 30, 2020.

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 November 30, 2020	Three Months Ended November 30, 2019
	\$	\$
Interest income on cash	2,930	-
Interest income from investments	407,129	-
Unrealized gain (loss) on equities	(2,154,492)	-
Unrealized gain (loss) on convertible debentures	(401,605)	-
Income (loss) from Investments	(2,146,038)	-

Interest income from investments during the three months ended November 30, 2020 represents the interest income earned on the NexGen and IsoEnergy debentures.

Investments at Fair Value

As at November 30, 2020, the Company had the following investments:

	Number of Shares/Units	Fair Value At November 30, 2020
Equities of Public Companies:		
NexGen Energy Ltd. (NXE.TO) (a)	11,970,533	21,512,787
IsoEnergy (ISO.V) (a)	219,689	227,060
Convertible Debentures:		
NexGen Energy Ltd. (NXE.TO) (b)	-	19,549,088
IsoEnergy Ltd. (ISO.V) (b)	-	10,815,408
Total		52,104,343

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. 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, 2020 is as follows:

	August 31, 2020	Additions	Proceeds from Disposition	Realized Gains	Unrealized Gains (losses)	November 30, 2020
	\$	\$	\$	\$	\$	\$
Investments in equities of public companies (a)	23,894,339	-	-	-	(2,154,492)	21,739,847
Investments in Convertible Debentures (b)	30,766,101	-	-	-	(401,605)	30,364,496
Total	54,660,440	-	-	-	(2,556,097)	52,104,343

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 and 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 and Diluted
	\$	\$	\$	\$
30-11-2020	77,678,600	(2,146,038)	(4,681,622)	(0.02)
31-08-2020	80,053,631	15,201,714	11,247,303	0.15
31-05-2020	75,010,016	1,940,861	(364,017)	(0.00)
29-02-2020	65,663,722	-	(5,589,884)	(0.11)
Prior to change of name, change of business and continuance				
30-11-2019	1,453,504	-	(181,254)	(0.00)
31-08-2019	1,526,205	-	(844,687)	(0.03)
31-05-2019	2,370,885	-	(53,847)	(0.00)
29-02-2019	1,555,985	-	(43,784)	(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 (loss) from Operations during the three months ended November 30, 2020 and August 31, 2020 were principally attributable to unrealized gains (losses) on the investment in NexGen and IsoEnergy due to the change in the share price.

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, 2020 and 2019

	November 30, 2020	November 30, 2019	Change
	\$	\$	\$
Interest income	410,059	-	410,059
Unrealized gain (loss) from investments	(2,556,057)	-	(2,556,057)

Interest income for the three months ended November 30, 2020 of \$410,059 (2019 - \$nil) was interest of \$2,930 (2019 - \$nil) earned on cash deposits, the Company earned interest income of \$407,129 (2019 - \$nil) from convertible debentures which is expected to be the principal source of interest income going forward.

Unrealized losses from investments of \$2,556,057 (2019 - \$nil) was attributable to an decrease in the value of investments in equities of public companies owned by the Company of \$2,154,492 (2019 - \$nil) and an decrease in the fair value of the convertible debentures of \$401,605 (2019 - \$nil). 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.

The majority of the operating expenses during the three months ended November 30, 2020 are attributable to share-based compensation for share options to granted to directors and officers.

Operating Expenses for the three months ended November 30, 2020 and 2019

	November 30, 2020	November 30, 2019	Change
	\$	\$	\$
Consulting (a)	34,544	40,830	(6,286)
Directors' fees (b)	18,333	-	18,333
Foreign exchange gain/(loss) (c)	918	792	126
Management fees (d)	155,680	5,751	149,929
Office & administration (e)	41,752	26,538	15,214
Office rent (f)	93,819	75,937	17,882
Professional fees (g)	73,730	17,597	56,133
Regulatory fees and transfer agent fees (h)	22,821	7,254	15,567
Share-based compensation (i)	2,102,808	-	2,102,808
Travel (j)	3,955	27,737	(23,782)
	<u>2,548,360</u>	<u>202,436</u>	<u>2,345,924</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 are as follows:

- (a) Consulting expenses decreased slightly from 2019 to 2020 as independent consultants were hired to assist the Company following a change of management and Board of Directors in May 2019.
- (b) Directors' fees increased from 2019 to 2020 as new Directors' were appointed in 2020 following the reorganization of the Company.
- (c) Foreign exchange gain/(loss) relate to the Company's Canadian dollar cash position that gets revalued each quarter. The Company expects to have a significant majority of its cash in U.S. dollar going forward which will not be subject to quarterly foreign currency translation.
- (d) Management fees increased from 2019 to 2020 following the reorganization of the Company in 2020.
- (e) Office & administration increased from 2019 to 2020 as expenses related to establishing the office in Hong Kong and insurance costs.
- (f) In October 2019, the head office of the Company was relocated. Monthly office rent, payable in Hong Kong dollars, is approximately US\$30,000 per month.
- (g) Professional fees increased from 2019 to 2020 as the majority of the costs incurred in 2020 were related to legal fees incurred in the as a result of increased corporate activity.
- (h) Regulatory and transfer agent fees increased from 2019 to 2020 due to the timing of various corporate activities.
- (i) Share-based payments related to stock options granted to certain executives, directors and consultants and the accelerated expense related to cancelled options.
- (j) Travel expenses decreased from 2019 to 2020 as the travel was limited due to the COVID-19.

Liquidity & Capital Resources

Cash Flows

Three months ended November 30	2020	2019
	\$	\$
Operating activities	(196,521)	(82,384)
Investing activities	-	-
Financing activities	-	-
Effects of exchange rates on Cash	-	-
Change in cash during the three months	(196,521)	(82,384)

Net cash used in operating activities for the three months ended November 30, 2020 was \$196,521 (2019 - \$82,384). The cash used in operating activities for the three months consists primarily net of the loss of \$4,681,622 (2019 - \$181,254), share-based payments of \$2,102,808 (2019 - \$nil), unrealized loss on investments of \$2,556,097 (2019 - \$nil), interest income of \$407,130 (2019 - \$nil) and net change in non-cash working capital items during the three months of \$233,326 (2019 - \$98,870).

Capital Resources & Liquidity Risk

The Company's cash position at November 30, 2020 was \$24,877,306 (August 31, 2020 - \$25,073,826) and the Company's working capital was \$24,895,222 (August 31, 2020 - \$24,917,939). The Company has no long-term debt obligations.

As at November 30, 2020, the Company believes there is sufficient working capital available to meet its current operational requirements. The Company intends on raising more capital for investment allocation from time to time.

Related Party Transactions

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

	Three months Ended November 30	
	2020	2019
	\$	\$
Senior management remuneration	155,680	5,751
Directors' fees	18,333	-
Share-based compensation	2,069,479	-
Total	2,253,492	5,751

During the three months ended November 30, 2020, the Company reimbursed office rent of \$93,819 (2019 - \$nil) to a company controlled by a director of the Company. There is no contractual rent obligation for the Company as the lease agreement is with the company controlled by the director. The Company is invoiced for reimbursement by the company controlled by a director of the Company on a monthly basis.

As at November 30, 2020, accounts payable and accrued liabilities include an amount of \$603,334 (August 31, 2020 - \$435,000) due to officers and directors of the Company and/or companies controlled by officers of the Company, related to fees for services. The amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

At November 30, 2020, the Company holds investments and convertible debentures in NexGen, a company related by way of a common director and IsoEnergy, a company controlled by NexGen.

At November 30, 2020, two significant shareholders, Squadron Resources Pty Ltd. ("Squadron") and Corom Pty Ltd. ("Corom"), a company controlled by a relative of a director of the Company, each beneficially own, or exercise control or direction over 71,263,003 common shares, respectively, constituting approximately 25.70%, respectively, of the current issued and outstanding shares of the Company.

Financial instruments and risk management

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks.

The following table summarizes the carrying value of financial assets and liabilities of the Company as at November 30, 2020 and August 31, 2020:

	November 30, 2020	August 31, 2020
	\$	\$
Fair value through profit and loss		
Investments at fair value	52,104,343	54,660,440
Amortized cost:		
Cash	24,877,306	25,073,826
Receivables	686,966	293,996
Accounts payable	679,035	475,234

As at November 30, 2020 and August 31, 2020, financial instruments that are not measured at fair value on the balance sheet are represented by cash, receivables and accounts payable and accrued liabilities. The fair value of these financial instruments approximates the carrying value due to their short-term nature.

Financial instruments that are recognized on the balance sheet at fair value can be classified in a hierarchy that is based on the relative reliability of the inputs used to estimate the fair value:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

November 30, 2020	Level 1	Level 2	Level 3
	\$	\$	\$
Investments at fair value	21,739,847	30,364,496	-

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

There were no asset transfers between levels for the three months ended November 30, 2020.

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

	August 31,2020	Additions / Dispositions	Unrealized loss	November 30,2020
	\$	\$	\$	\$
Convertible debentures	30,766,101	-	(401,605)	30,364,496

Financial risks

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest and foreign exchange risk
- Market price risk

Credit risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash and investments. The Company has limited exposure to credit risk related to cash, as it only deposits its cash with high credit quality financial institutions, which are available on demand. The Company's equity investments are settled and paid for upon delivery using an approved broker. The risk of default considered minimal, as delivery of securities sold is made once the broker has received payment and payment on a purchase received by the broker. The trade will fail if either party fails to meet its obligations. The Company's credit risk related to convertible debentures is associated with the risk that these third parties will not perform their underlying obligations. The Company mitigates its credit risk by only investing and providing loans where they have a detailed knowledge of the investee's operations and business strategy. The Company has two concentrated loans at November 30, 2020 and August 31, 2020 that are made up 66% NexGen and 34% IsoEnergy.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company has ensured, as far as reasonably possible, it will have sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. Historically, the Company's primary source of financing has been the issuance of equity securities for cash, through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity financing. As of November 30, 2020, and August 31, 2020, the Company had no significant contractual obligations other than those included in accounts payable and accrued liabilities.

Interest and foreign exchange risk

The Company is subject to normal risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, it has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. At November 30, 2020, the Company is exposed to limited interest rate risk as it earns very little interest on its cash balance due to current near zero interest rates in Canada and the United States. The Company has assets which are denominated in Canadian (“CA”) dollars. The Company’s exposure to exchange rate fluctuations arises mainly on foreign currency fluctuations against the U.S. dollar functional currency.

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

	November 30, 2020	August 31, 2020
	\$	\$
Cash	824,644	353,019
Receivables	6,263	
Investments	52,104,343	—
Accounts payable and accrued liabilities	62,330	39,445

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables, investments, and accounts payable and accrued liabilities that are denominated in CA dollar. As at November 30, 2020, net assets totalling \$52,862,372 (August 31, 2020 - \$313,574) were held in CA dollars. Based on the above net exposure as at November 30, 2020 and assuming all other variables remain constant, a 2% depreciation or appreciation of the CA dollar against the U.S. dollar would result in an increase or decrease of approximately \$1,057,247 (August 31, 2020 - \$6,271) in the Company’s net income (loss) and comprehensive income (loss).

Market price risk

Market price risk is the risk that the fair value of an investment measured at FVTPL will fluctuate because of changes in market prices (other than those arising from foreign currency risk or interest rate risk). The Company’s investments at fair value of public entities are subject to price risk. A 5% increase/decrease in the value of all public equity investments would result in an approximate increase/decrease in the value of public market exposure and unrealized gain/loss for the three months ended November 30, 2020 in the amount of approximately \$2.6 million (August 31, 2020 - \$2.7 million)

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 financial statements. None of these are expected to have a material effect on the interim financial statements.

Significant accounting estimates and assumptions

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

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 November 30, 2020 and at the date hereof, there were 277,252,651 issued and outstanding common shares.

Stock Options

As at November 30, 2020 and at the date hereof, there were 11,150,000 stock options outstanding and 5,575,000 exercisable, with weighted-average exercise price of \$0.30.