



Queen's Road Capital Investment Ltd.
 (Formerly Lithion Energy Corp.)
 Management's Discussion & Analysis
 For the six months ended January 29, 2020

The following Management's Discussion & Analysis ("MD&A") of Queen's Road Capital Investment Ltd. (the "Company" or "QRC") (Formerly Lithion Energy Corp.) should be read in conjunction with condensed interim consolidated financial statements for the six months ended February 29, 2020 and the consolidated audited financial statements for the year ended August 31, 2019 and related notes attached thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A contains "forward-looking statements" that are subject to risk factors set out in a cautionary note contained herein. Except as otherwise disclosed, all dollar figures in this report are stated in Canadian dollars ("CAD"). The effective date of this report is April 29, 2020.

Company Overview

Queen's Road Capital intends to become a leading financier to the global resource sector. The Company is a resource focused investment company, making investments in privately held and publicly traded resource companies. It is intended that the Company will acquire and hold 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".

During the six months ended February 29, 2020, the Company held a special meeting, at which a number of changes were approved by the shareholders and subsequently implemented to refocus its business operations from that of a mining issuer to an investment issuer. The significant events that have take place were as follows;

- changed name of Company to Queen's Road Capital Investment Ltd. ("QRC")
- established a head office in Hong Kong
- redomiciled from British Columbia, Canada, to the Cayman Islands;
- completed a non-brokered private placement of 103,333,333 common shares at \$0.30 per share for gross proceeds of \$31,000,000;
- completed a second non-brokered private placement of 132,615,753 common shares at \$0.40 per share for gross proceeds of \$53,046,301.

Selected Annual Information

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

	Year ended August 31, 2019	Year ended August 31, 2018	Year ended August 31, 2017
Total revenues	\$ -	\$ -	\$ -
Income (loss) for the year	(1,251,531)	(247,302)	1,776,822
Basic and diluted loss per share	(0.04)	(0.01)	0.10
Total assets	1,990,476	2,125,262	2,276,761
Total long-term liabilities	-	-	-
Total cash dividends paid	-	-	-

Summary of Quarterly Results

(\$)	Three months Ended February 29, 2020	Three months Ended November 30, 2019	Three months Ended August 31, 2019	Three months Ended May 31, 2019
Total revenues	-	-	-	-
Net and omprehensive loss for the period	(7,290,322)	(236,391)	(1,101,640)	(70,227)
Basic and diluted income (loss) per share	(0.14)	(0.01)	(0.04)	(0.00)
Total assets	85,638,578	1,895,659	1,990,476	3,092,106
Total long-term liabilities	-	-	-	-

(\$)	Three months Ended February 28, 2019	Three months Ended November 30, 2018	Three months Ended August 31, 2018	Three months Ended May 31, 2018
Total revenues	-	-	-	-
Loss for the period	(57,103)	(22,561)	(34,932)	(57,463)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	2,029,314	2,102,300	2,125,262	2,153,143
Total long-term liabilities	-	-	-	-

Fluctuations in the Company's expenditures reflect the variations in the timing of exploration activities and general operations, and share-based payments during certain quarters, including, revaluation of exploration and expenditures at period ends.

Results of Operations

Overall, the Company recorded a consolidated net and comprehensive loss of \$7,526,838 (\$0.15 per common share) for the six months ended February 29, 2020 as compared to a consolidated net and comprehensive loss of \$79,664 (\$0.00 per common share) for the six months ended February 28, 2019.

Operating Expenses

The operating expenses were \$7,604,381 for the six months ended February 29, 2020 as compared to \$79,664 for the six months ended February 28, 2019. Significant expenses consisted of the following:

- Consulting fees of \$79,445 (2019 - \$nil), rent of \$221,227 (2019 - \$570), investor relation costs of \$27,000 (2019 - \$nil), office and administration of \$101,815 (2019 - \$23,789), professional fees of \$148,404 (2019 - \$8,175), transfer agent and regulatory costs of \$73,731 (2019 - \$15,605) and travel expenses of \$47,480 (2019 - \$nil). The increases were due to corporate development activity related to the new direction in business announced by the Company in September 2019.
- Director fees of \$nil (2019 - \$12,000) and management fees of 15,000 (2019 - \$30,000).
- Share-based payments of \$6,936,532 (2019 - \$nil) were related to options granted during the period.
- Foreign exchange gain of \$46,358 (2019 - \$10,475)

Liquidity & Capital Resources

The Company's cash position at February 29, 2020 was \$85,542,964 (August 31, 2019 - \$1,986,553) and the Company's working capital was \$85,548,149 (August 31, 2019 - \$1,975,048). The Company has no long-term debt obligations.

Net cash used in operating activities for the six months ended February 29, 2020 was \$606,890 (2019 - \$99,903). The cash used in operating activities for the period consists primarily of general and administrative expenses of \$7,604,381 (2019 - \$79,664), share-based payments of \$6,936,512 (2019 - \$nil), recovery of expenses of \$77,544 (2019 - \$nil) and net change in non-cash working capital items during the period of \$16,689 (2019 - \$20,239).

Net cash provided by investing activities for the six months ended February 29, 2020 was \$nil (2019 - \$11,420). The cash used in investing activities was the net change in non current receivables of \$nil (2019- \$19,590) and exploration and evaluation assets \$nil (2019 - \$8,170).

Net cash provided by financing activities for the six months ended February 29, 2020 was \$84,163,301 (2019 - \$nil). The cash provided by financing activities was private placement proceeds of \$84,046,301 (2019- \$nil) and proceeds from stock options exercised of \$117,000 (2019 - \$nil).

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through rights offerings and private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Financial Instruments

International Financial Reporting Standards 9, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

As at February 29, 2020, the carrying values of cash, receivables, and trade payables approximate their fair values due to their short terms to maturity.

Financial risks

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

- Credit risk
- Liquidity risk
- Market risk

Credit risk

Credit risk is the risk of potential loss to the Company if 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 receivables. The Company has limited the exposure to credit risk by only depositing its cash with high credit quality financial institutions, which are available on demand.

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 at February 29, 2020, there are no other significant contractual obligations other than those included in trade payables and accrued liabilities disclosed (note 7) and those disclosed in Note 14.

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 February 29, 2020, the Company was not exposed to significant interest rate risk.

The Company has significant operating expenditures which are denominated in United States dollars (“USD”). The Company’s exposure to exchange rate fluctuations arises mainly on foreign currencies against the Canadian dollar functional currency of the relevant business entities.

Financial assets and liabilities:

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

USD	February 29, 2020	August 31, 2019
Cash	\$ 3,876,862	\$ 641,426
Trade payables and accrued liabilities	\$ 4,974	\$ -

Sensitivity analysis:

The Company is exposed to foreign currency risk on fluctuations related to cash, that are denominated in USD. As at February 29, 2020, net assets totaling \$3,871,888 (August 31, 2019 - \$641,426) were held in USD. Based on the above net exposure as at February 29, 2020 and assuming all other variables remain constant, a 2% depreciation or appreciation of the USD against the Canadian dollar would result in an increase or decrease of approximately \$77,438 (2019 - \$15,056) in the Company’s loss and comprehensive loss

Related Party Transactions

The compensation of key management personnel and related parties were as follows:

	Six months ended February 29, 2020	Six months ended February 28, 2019
Fees and short-term benefits – management	\$ 15,000	\$ 30,000
Fees and short-term benefits - directors	-	12,000
Share-based payments	4,586,990	-
	\$ 4,601,990	\$ 42,000

Related party balances included in trade payable and accrued liabilities at February 29, 2020 was \$3,944 (August 31, 2019 - \$2,713).

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 condensed interim consolidated financial statements of the Company.

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may vary from these estimates.

The impacts of such estimates could result in material adjustment to the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant accounts that require estimates as the basis for determining the stated amounts include: fair value of stock options and warrants, income taxes, and recoverability of exploration and evaluation assets.

Capital Commitments

The Company has no commitments for equipment expenditures for 2019. The Company has forecasted that any property and equipment expenditures based on future needs will be funded from working capital and/or from operating or capital leases.

Off Balance Sheet Arrangements

The Company has no off balance sheet arrangements.

Outstanding Share Data

The Company has the following common shares, stock options, and share purchase warrants outstanding:

Common Shares

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

As at February 29, 2020 and April 29, 2020 (date of report), there were 277,152,651 issued and outstanding common shares.

Stock Options

As at February 29, 2020 and April 29, 2020 (date of report), there were 25,600,00 stock options outstanding and 12,850,000 exercisable, with weighted-average exercise price of \$0.44.

Risk and Uncertainties

The Company's principal activity is a resource focused investment company, Companies in this industry are subject to many and varied kinds of risks, including but not limited to; fluctuating foreign exchange and metal prices, environmental, social, political, financial and economics. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practicable.

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company's business. The risks and uncertainties are not limited to but include risks associated with our dependence on QRC's investment decisions and the Company's limited operating history; changes in law, and the availability of additional funding as and when required; infrastructure; inflation; governmental regulation; environmental; hazards, insurance; uninsured risks; competition; currency fluctuations; labour and employment; joint ventures; contract repudiation; dependence on key management personnel and executives; and litigation risks.

Forward-Looking Information

Statements contained in this MD&A that are not historical facts are forward-looking statements (within the meaning of Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. This MD&A contains forward-looking statements, such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur.

Although the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and the Company cannot assure that actual results will be consistent with these forward-looking statements. Given these risks, uncertainties and assumptions, any investors or users of this document should not place undue reliance on these forward-looking

statements. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors including but not limited to risk of limited number of investments, financing risks, competition, key personnel, directors and conflicts of interest and foreign exchange risk; the timing and identification of investment opportunities; the impact to the Company of future accounting standards and discussion of risks and uncertainties around the Company's business; and the adequacy of the Company's capital resources and its ability to raise additional financing and continue as a going concern.

In general, forward-looking statements include, but are not limited to; statements with respect financial stability and profitability of investments in resource companies which is highly dependant on the future price of metals; the estimation of mineral reserves and resources; the realization of mineral reserve estimates; the timing and amount of estimated future production, costs of production, and capital expenditures; costs and timing of the development of new deposits; success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others, risks related to the integration of acquisitions; risks related to operations; risks related to joint venture operations; actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of metals; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the sections entitled "*Risks and Uncertainties*" in this MD&A.

Although the Company has attempted to identify important factors that could affect the Company and may cause actual actions, events or results to differ, perhaps materially, from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements 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 forward-looking statements. The forward-looking statements in this MD&A speak only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events.

Forward-looking statements and other information contained herein concerning the investment in the global resource sector and general expectations concerning the mining industry are based on estimates prepared by the Company using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Company is not aware of any misstatements regarding any industry data presented herein, the industries involve risks and uncertainties and the data is subject to change based on various factors.

Additional Information

Additional information about the Company is available under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.queensrdcapital.com.