Kaiyue International Inc.
Management's Discussion and Analysis
For the Three and Nine Months Ended September 30, 2012

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited interim condensed financial statements of Kaiyue International Inc. ("Kaiyue" or the "Company) for the period ended September 30, 2012, and the audited financial statements of Kaiyue for the year ended December 31, 2011 and the notes thereto. All amounts are in Canadian dollars unless otherwise indicated. The following information is prepared as at November 26, 2012.

Forward-looking Statements

The statements made in this MD&A that are not historical facts contain forward-looking information that involves risks and uncertainties. All statements, other than statements of historical facts, which address the Company's expectations, should be considered forward-looking statements. Such statements made by the Company are based on current expectations, factors and assumptions and reflect our expectations as at the date of this MD&A. Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize. The Company assumes no obligations to update or revise any forward-looking statements, whether as a result of new information, future events or any other reason.

For a discussion of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see "Risks and Uncertainties".

Overview of the Company

Kaiyue was incorporated on November 23, 2009 under the Business Corporation Act of Alberta and carries on business as a Capital Pool Company ("CPC") in accordance with Policy 2.4 of the TSX Venture Exchange. The Company completed its initial public offering of 2,000,000 common shares at $0.10 per share for gross proceeds of $200,000 on August 6, 2010. Subsequently, its shares commenced trading on the Toronto Stock Exchange Venture ("Exchange") on August 12, 2010 under the symbol "KYU.P".

As a CPC, the principal business of the Company is to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction under Exchange rules and policies. Until completion of a Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction. The Company is actively engaged in the search for a suitable Qualifying Transaction.

On December 3, 2010, the Company entered into an agreement ("Agreement") with China Easy-Pay

Technology Inc. (“China Easy-Pay”) and its sole shareholder, Soar High Group Limited (“Soar High”), to purchase all of the issued and outstanding shares of China Easy-Pay (the “Acquisition”). The Acquisition, as contemplated, would have constituted the Company’s Qualifying Transaction under Policy 2.4-Capital Pool Company of the Exchange. On June 22, 2012, the Company, after a lengthy review, announced that it would not proceed with the proposed acquisition of China Easy-Pay from Soar High. The Agreement was terminated pursuant to its terms.

On October 24, 2011, the Company announced that it had completed its previously announced non-brokered private placement with certain accredited investors, pursuant to which such investors purchased an aggregate of 10,000,000 common shares of the Company at a price of $0.15 per share for aggregate gross proceeds of $1,500,948 and net proceeds of $1,489,214. The shares were subject to a hold period and unless permitted under securities legislation the shares could not be traded before February 22, 2012. The Company paid a finder’s fee to an agent in the amount of $11,734 or 3.5% in connection with the sale of 2,235,000 shares pursuant to the private placement. The proceeds from the private placement have been added to the Company’s working capital to be used towards the completion of a Qualifying Transaction in accordance with the rules of the Exchange.

On August 8, 2012 Canaccord Genuity Corp (“Canaccord”) set out in its letter to the Company a requirement to pay a finder’s fee plus HST, payable to Canaccord for its role in assisting the Company with the option to purchase certain mineral claims in Yukon from BCGold. Upon discussion begtween Canaccord and the Company, the terms have been revised on November 8, 2012 in Canaccord’s proposed letter agreement.

On November 11, 2012 the Company entered into a letter agreement with Canaccord for a finder’s fee under the revised terms. The finder’s fee will be commensurate with industry standards equal to the maximum allowable pursuant to TSX Venture Exchange’s Policy 5.1.The cash component of the finder’s fee of $25,000 is payable upon signing of the letter agreement. In addition, the Company will issue 100,000 shares to Canaccord in tranches of 25,000 shares commencing at the issuance of the Final Bulletin by the TSX Venture Exchange and on the anniversary of every year until such payment is completed.

On August 10, 2012, the Company announced that it has entered into a letter agreement (the “Letter Agreement”) with BCGold pursuant to which BCGold has agreed to grant the Company an option to acquire up to 70% of its 100% interest in and to 76 mineral claims known as the Toe Property located at Yukon (the “Transaction”). The Transaction is intended to be the Company’s “Qualifying Transaction” as that term is defined in Policy 2.4 of the TSX Venture Exchange. The Transaction will be carried out by parties dealing at arm’s length to one another and no non-arm’s length parties of the Company have any direct or indirect interest in the Toe Property. In order to acquire a 60% interest in the Toe Property, the Company will be required to:

(a) pay to BCGold an aggreate of $255,000 as follows:
  - (i) $25,000 upon signing of the Letter Agreement;
  - (ii) $25,000 on or before the date which is one year from receipt of final approval (the “Final Approval”) from the TSX-V for the Transaction;
  - (iii) $55,000 on or before the date which is two years from receipt of the Final Approval;

    (iv) $50,000 on or before the date which is three years from receipt of the Final Approval; and
    (v) $100,000 on or before the date which is four years from receipt of the Final Approval;

(b) incur exploration expenditure of at least $1,900,000 on the toe Property on or before the fourth anniversary of receipt of the Final Approval, as follows:
    (i) $200,000 before the date which is one year from receipt of the Final Approval;;
    (ii) $400,000 on or before the date which is two year from receipt of the Final Approval;
    (iii) $650,000 on or before the date which is three years from receipt of the Final Approval;
    (iv) $650,000 on or before the date which is four years from receipt of the Final Approval, and

(c) allot and issue to BCGold as fully paid and non-assessable an aggregate of 400,000 common shares of the Company(each, a “Share”) as follows:
    (i) 100,000 Shares upon receipt of the Final Approval;
    (ii) 100,000 Shares on or before the date which is one year from receipt of the Final Approval;
    (iii) 200,000 Shares on or before the date which is two years from the date of receipt of the Fianl Approval.

The Company intends to use its working capital to make the cash payments required under the Letter Agreement. The Company can earn an additional 10% interest in the Toe Property by completing a feasibility study on or before the date which is four years from the receipts of the Final Approval.

At the closing of the Transaction, the Company will enter into a royalty agreement with BCGold whereby the Company will grant BCGold an aggregate of 2.5% net smelter returns royalty with respect to production of all precious metals from the Toe Property.

On October 24, 2012, the Company received from the TSX Venture Exchange conditional acceptance of its proposed Qualifying Transaction to acquire a 70% interest in the Toe Property located in Yukon, British Columbia.

On November 15, 2012, the Company received acceptance for filing the Qualifying Transaction from the TSX Venture Exchange to acquire a 70% interest in the Toe Property located in Yukon, as described in its filing statement dated October 30, 2012. As a result, effective November 16, 2012, the trading symbol for the Company will change from KYU.P to KYU, and the Company’s shares will be reinstated and will no longer be considered a Capital Pool Company.

Results of Operations

For the three months ended September 30, 2012, the Company incurred a loss of $56,699 compared with a loss of $102,489 for the comparative period of last year. The reduced loss was mainly due to the professional fees of $31,397 (2011 $32,801), filing fees of $11,200 (2011 $69,518) and overseas travelling $13,847 (2011 $Nil). The basic and diluted loss per share was $0.00 for the three months ended September 30, 2012 compared with $0.02 for the comparative period of 2011.

For the nine months ended September 30, 2012, the Company incurred a loss of $156,895 compared with a loss of $167,389 for the comparative period of last year. The lesser losses were mainly due to the professional fees of $104,812 (2011 $76,149), filing fees of $37,266 (2011 $90,462) and overseas travelling $13,847 (2011 $Nil). The basic and diluted loss per share was $0.01 for the nine months ended September 30, 2012 compared with $0.04 for the comparative period of 2011.

Summary of Quarterly Results

The below table summarizes the results of the Company by quarter.

	Quarter Ended 30-Sep-12	Quarter Ended 30-Jun-12	Quarter Ended 31-Mar-12	Quarter Ended 31-Dec-11	Quarter Ended 30-Sep-11	Quarter Ended 30-Jun-11	Quarter Ended 31-Mar-11	Quarter Ended 31-Dec-10
Loss for the period ($)	56,699	19,991	80,204	72,285	102,489	13,108	51,793	96,794
Loss per Share - Basic & Diluted ($)	0.00	0.00	0.01	0.01	0.04	0.00	0.01	0.02
Weighted average number of common shares outstanding - Basic & Diluted	14,180,000	14,180,000	14,180,000	11,571304	4,180,000	4,180,000	4,180,000	4,180,000

Cash flows

The following table sets forth a condensed summary of our statements of cash flows for the nine months ended September 30, 2012 and 2011:

		2012		2011
Net cash from (used in) operating activities	$	(228,026)	$	366,674
Net cash used in financing activity		(488)		-
Net cash used in investing activity		(25,000)		-
Net increase (decrease) in cash	$	(253,514)	$	366,674

Liquidity and Capital Resources

As at September 30, 2012, the Company has cash of $1,198,870. Management believes that the cash balance is sufficient to meet its working capital and contractual obligations for the year ending December 31, 2012.

Non-current assets as at September 30, 2012 consisted of deferred acquisition cost of $25,000 compared to nil at December 31, 2011.

The company's working capital position at September 30, 2012 was $1,190,700 compared to

$1,373,082 at December 31, 2011.

Current assets excluding cash at September 30, 2012 consisted of other receivables of $2,627 compared to $2,016 at December 31, 2011.

Current liabilities as at September 30, 2012 consisted of accounts payable and accrued liabilities of $10,437 compared to $81,318 at December 31, 2011.

The Company has no operating income. The proceeds raised are expected to provide the Company with a minimum of funds with which to identify and evaluate businesses or assets with a view to complete a Qualifying Transaction. On November 15, 2012, the Company received acceptance for filing the Qualifying Transaction from the TSX Venture Exchange to acquire a 70% interest in the Toe Property located in Yukon, as described in its filing statement dated October 30, 2012. As a result, effective November 16, 2012, the trading symbol for the Company will change from KYU.P to KYU, and the Company's shares will be reinstated and will no longer be considered a Capital Pool Company. The Company is classified as a "Mineral Exploration and Development' company. It is anticipated and highly probable that the Company will have to seek additional financing to carry out mineral exploration and development as its main business.

Capital Stock

As at September 30, 2012, the Company had 14,180,000 common shares issued and outstanding. As at November 26, 2012, the Company had 14,305,000 common shares issued and outstanding.

On August 6, 2010, the Company granted 200,000 stock options to certain directors and officers pursuant to the Company's option plan to purchase up to 200,000 common shares at a price of $0.10 per common share. As at September 30, 2012 and November 26, 2012, 150,000 options were outstanding and will expire on August 6, 2015.

On August 12, 2010, the Company granted 80,000 options to underwriters to purchase up to 80,000 common shares at a price of $0.10 per common share. These options expired on August 16, 2012.

Off-Balance Sheet Arrangements

As at September 30, 2012, the Company had no off-balance sheet arrangements.

Transactions with Related Parties

There was no transaction during the period and there is no balance due to or from related parties as at September 30, 2012.

Financial Instruments

The Company's approach in managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they become due. The Company is not exposed to significant credit, liquidity or market risk. The carrying value of cash and cash equivalents and accounts payable and accrued liabilities reflected in the condensed interim statement of financial position approximate fair value due to the short term nature of these instruments.

Risks and Uncertainties

The Company has no active business. The Company does not have a history of earnings, nor has it paid any dividends, and will not be in a position to generate earnings or pay dividends until at least after completion of the Qualifying Transaction. It is possible the Company may never generate earnings or be in a position to pay dividends. The directors and officers of the Company will only devote part of their time and efforts to the affairs of the Company.

The Company has only limited funds available to identify and evaluate potential Qualifying Transactions and thereby cannot provide assurance the Company will be able to identify or complete a suitable Qualifying Transaction. Until completion of the Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of assets or businesses for the purpose of completing the Qualifying Transaction.

Critical Accounting Estimates

The preparation of the financial statements in conformity with IFRS, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed below:

- Recovery of deferred tax assets: judgement is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impaired.

Change in Accounting Policies

There are no changes in accounting policies adopted by the Company during the period ended September 30, 2012

New Accounting Pronouncements

The Company has not early applied the following new and revised standards, amendments that have been issued by the IASB but are not yet effective.

Amendments to IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
Amendments to IFRS 1	Government Loans[2]
Amendments to IFRS 7	Disclosures – Transfers of Financial Assets[1]
Amendments to IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
IFRS 9	Financial Instruments[3]
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[3]
IFRS 10	Consolidated Financial Statements[2]
IFRS 11	Joint Arrangements[2]
IFRS 12	Disclosure of Interests in Other Entities[2]
IFRS 13	Fair Value Measurement[2]
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income[5]
Amendments to IAS 12	Deferred Tax: Recovery of Underlying Assets[4]
IAS 19 (Revised 2011)	Employee Benefits[2]
IAS 27 (Revised 2011)	Separate Financial Statements[2]
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[2]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[6]
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2015
[4] Effective for annual periods beginning on or after 1 January 2012
[5] Effective for annual periods beginning on or after 1 July 2012
[6] Effective for annual periods beginning on or after 1 January 2014

The Company is currently assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

Subsequent Events

On November 8, 2012, the Company entered into a revised letter agreement with Canaccord to assist the Company with purchasing certain mineral claims in Yukon from BCGold. The letter agreement replaces the original letter agreement entered into on August 8, 2012 with Canaccord.

On November 11, 2012 the Company entered into a letter agreement with Canaccord for a finder's fee under the revised terms. The finder's fee will be commensurate with industry standards equal to the maximum allowable pursuant to TSX Venture Exchange's Policy 5.1.The cash component of the finder's fee of $25,000 is payable upon signing of the letter agreement. In addition, the Company will issue 100,000 shares to Canaccord in tranches of 25,000 shares commencing at the issuance of the Final Bulletin by the TSX Venture Exchange and on the anniversary of every year until the payment is completed.

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Other Information

Additional information related to the Company is available for viewing on SEDAR at www.sedar.com.