Kaiyue International Inc.
Management's Discussion and Analysis
For the Year Ended December 31, 2012

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited financial statements of Kaiyue International Inc. ("Kaiyue" or the "Company) for the year ended December 31, 2012 and the notes thereto. All amounts are in Canadian dollars unless otherwise indicated. The following information is prepared as at April 12, 2013.

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 International Inc. ("Kaiyue" or the "Company") was incorporated under the Business Corporation Act of Alberta on November 23, 2009. The Company trades under the symbol KYU.V on the TSX Venture (the "Exchange"). The Company is an exploration stage public company whose principal business activities are the acquisition and exploration of mineral properties. Prior to November 15, 2012, the Company was a Capital Pool Company ("CPC") as defined in the Policy 2.4 "Capital Pool Companies" of the Exchange. The Company's principal purpose as a CPC was to identify and evaluate assets, properties or businesses in order to complete a "Qualifying Transaction" as defined in the CPC policy. On July 25, 2012, the Company entered into a letter agreement (the "Letter Agreement") with BCGold Corp. ("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 ("Toe Property") located in Yukon (the "Transaction"). Pursuant to the Transaction, the Company received final acceptance of filing the Qualifying Transaction from the Exchange on November 15, 2012 and was no longer considered a Capital Pool Company then.

In order to acquire a 60% interest in the Toe Property, the Company will be required to:

(a) pay to BCGold an aggregate of $255,000 as follows:

  (i) $25,000, upon signing of the Letter Agreement (paid and recorded as exploration and evaluation assets);
  (ii) $25,000 on or before the date which is one year from November 12, 2012;
  (iii) $55,000 on or before the date which is two years from November 12, 2012,
  (iv) $50,000 on or before the date which is three years from November 12, 2012, and
  (v) $100,000 on or before the date which is four years from November 12, 2012;

(b) incur exploration expenditures 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 November 12, 2012,
  (ii) $400,000 before the date which is two years from November 12, 2012,
  (iii) $650,000 before the date which is three years from November 12, 2012, and
  (iv) $650,000 before the date which is four years from November 12, 2012; 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 (issued on November 12, 2012),
  (ii) 100,000 Shares on or before the date which is one year from November 12, 2012, and
  (iii) 200,000 Shares on or before the date which is two years from November 12, 2012.

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 receipt 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 2.5% net smelter returns royalty with respect to production of all precious metals from the Toe Property.

On November 8, 2012, the Company entered into the Finder's Fee Agreement ("Agreement") with Canaccord Genuity Corp. (Canaccord Genuity"). The Agreement required the Company to pay cash of $25,000 to Canaccord Genuity upon signing of the Agreement as compensation for its role in assisting the Company to purchase certain minerals claims from BCGold. The amount has been paid and recorded as exploration and evaluation assets. In addition, the Company will be required to issue 100,000 shares to Canaccord Genuity as follows:

(i) 25,000 common shares upon closing of the Transactions (issued on November 12, 2012),
(ii) 25,000 common shares on the first anniversary of the closing of the Transactions,
(iii) 25,000 common shares on the second anniversary of the closing of the Transactions, and
(iv) 25,000 common shares on the third anniversary of the closing of the Transactions.

Results of Operations

For the year ended December 31, 2012, the Company incurred a loss of $214,738 compared with a loss of $239,675 for the year ended December 31, 2011. The decrease in losses was mainly due to the filing fees of $32,429 (2011 $101,170) netted against increase in overseas travelling of $24,345 (2011 $Nil) and professional fees of $157,941 (2011 $137,546). The basic and diluted loss per share was $0.02 for the year ended December 31, 2012 compared with $0.04 for the year ended December 31, 2011.

Summary of Quarterly Results

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

	Quarter Ended 31-Dec-12	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
Loss for the period ($)	57,844	56,699	19,991	80,204	72,285	102,489	13,108	51,793
Loss per Share - Basic & Diluted ($)	0.01	0.00	0.00	0.01	0.01	0.02	0.00	0.01
Weighted average number of common shares outstanding - Basic	14,196,772	14,180,000	14,180,000	14,180,000	6,043,014	4,180,000	4,180,000	4,180,000
Weighted average number of common shares outstanding - Diluted	14,196,772	14,180,000	14,180,000	14,180,000	6,043,014	4,180,000	4,180,000	4,180,000

Fourth Quarter

For the fourth quarter ended December 31, 2012, the Company incurred a loss of $57,844 compared with a loss of $72,285 for the fourth quarter ended December 31, 2011. The basic and diluted loss per share was $0.01 for the fourth quarter ended December 31, 2012 and 2011.

Cash flows

The following table sets forth a summary of our statements of cash flows for the years ended December 31, 2012 and 2011:

	2012	2011
Net cash (used in) operating activities	$ (277,728)	$ (213,671)
Net cash from financing activity	-	1,489,214
Net cash (used in) investing activity	(25,000)	-
Net increase (decrease) in cash	$ (302,728)	$ 1,275,543

Liquidity and Capital Resources

As at December 31, 2012, the Company has cash of $1,149,656. Management believes that the cash balance is sufficient to meet its working capital and contractual obligations for the year ending December 31, 2013.

Non-current assets as at December 31, 2012 consisted of exploration and evaluation assets of $70,000 compared to nil at December 31, 2011.

The company's working capital position at December 31, 2012 was $1,108,344 compared to $1,373,082 at December 31, 2011.

Current assets excluding cash at December 31, 2012 consisted of other receivables of $1,841 compared to $2,016 at December 31, 2011.

Current liabilities as at December 31, 2012 consisted of trade payables and accrued liabilities of $32,182 compared to $81,318 as at December 31, 2011 and due to related parties of $10,971 compared to $nil as at December 31, 2011.

The Company has no operating income. The proceeds raised are expected to provide the Company with a minimum of funds to continue its operations and to explore and development its exploration and evaluation assets. It is anticipated and highly probable that the Company will have to seek additional financing in the near future to carry out mineral exploration and development as its main business.

Capital Stock

As at December 31, 2012, the Company had 14,305,000 common shares issued and outstanding. As at April 12, 2013, the Company had 14,305,000 common shares issued and outstanding.

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.

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 December 31, 2012 and April 12, 2013, 150,000 options were outstanding and will expire on August 6, 2015.

Off-Balance Sheet Arrangements

As at December 31, 2012, the Company had no off-balance sheet arrangements.

Transactions with Related Parties

For the year ended December 31, 2012, a director of the Company incurred $24,345 travel expenses (2011 - $nil) on behalf of the Company. The Company has repaid $13,374 to the director during the year ended December 31, 2012. As at December 31, 2012, $10,971 (2011 - $nil) was payable to that related party. The amount is non-secured, non-interest bearing and due on demand.

Financial Instruments

Financial instruments that potentially subject the Company to credit risk consist primarily of cash held with banks. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The credit risk on cash is limited because the Company banks with a large international bank with solid credit ratings.

The Company's approach in managing liquidity risk is to ensure that it will have sufficient liquidity to meet its financial obligations when they become due. The Company manages all liquidity risk through maintaining sufficient working capital through daily monitoring of controls, cash and cash equivalents balance and operating results. The financial liabilities consisting of trades payables and accrued liabilities are expected to be settled within three months.

The Company is not exposed to significant credit, liquidity or market risk. The carrying value of cash and cash equivalents and trade payables and accrued liabilities reflected in the statement of financial position approximate fair value due to the short term nature of these instruments.

Risks and Uncertainties

The Company is in initial stages of development and exploration and 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 it can generate profitable operations. 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.

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 exploration and evaluation assets: the Company's ability to realize the carrying values of these assets is contingent upon discovery of economically recoverable mineral reserves, the on-going mining right to explore the resource property, the ability to finance future exploration and of the property and to realize profitable production or proceeds from the property. The Company will consider whether impairment is necessary in accordance with the accounting policy on impairment and if indications of impairment exists, an assessment is made of the recoverable amount.
- Valuation of shares issued for mining option and services: As the Company's shares are thinly traded on the Exchange, a discounted rate is used on the share price in determining the fair value of the Company's shares issued for mining option and for services received.
- 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 year ended December 31, 2012

New Accounting Pronouncements

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the financial statements to be material.

- IFRS 9 *Financial Instruments: Classification and Measurement* – effective for annual periods beginning on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.

- IFRS 10 *Consolidated Financial Statements* – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

- IFRS 11 *Joint Arrangements* – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form.

- IFRS 12 *Disclosure of Interests in Other Entities* – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

- IFRS 13 *Fair Value Measurement* – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy.

- IAS 27 *Separate Financial Statements*– as a result of the issue of the new consolidation suite of standards, IAS 27 Separate Financial Statements has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

- IAS 28 *Investments in Associates and Joint Ventures* – as a consequence of the issue of IFRS 10, IFRS 11and IFRS 12, IAS 28 has been amended and will provide the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee.

- IAS 1 *Presentation of Financial Statements* – the IASB amended IAS 1 with a new requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss.

- IAS 19 *Employee Benefits* – a number of amendments have been made to IAS 19, which included eliminating the use of the "corridor" approach and requiring remeasurements to be presented in OCI. The standard also includes amendments related to termination benefits as well as enhanced disclosures.

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 Event

Subsequently, the Company has reinvested the GIC. The GIC bears interest at rate of 0.9% per annum and matures on May 14, 2013.

Other Information

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