Kaiyue International Inc.
Management's Discussion and Analysis
For the Three Months Ended March 31, 2013

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed interim financial statements of Kaiyue International Inc. ("Kaiyue" or the "Company) for the three months ended March 31, 2013 and the audited financial statements 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 May 24, 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.

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 period ended March 31, 2013, the Company incurred a loss of $35,416 compared with a loss of $80,204 for the period ended March 31, 2012. The decrease in losses was mainly due to the filing fees of $6,334 (2012 - $18,894) and the professional fees of $800 (2012 - $61,118) netted against an increase in overseas travelling of $23,081 (2012-$Nil) and the consulting fees of $7,500 - (2012 $Nil). The basic and diluted loss per share was $0.00 for the period ended March 31, 2013 compared with $0.01 for the period ended March 31, 2012.

Summary of Quarterly Results

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

	Quarter Ended 31-Mar-13	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
Loss for the period ($)	35,416	57,844	56,699	19,991	80,204	72,285	102,489	13,108
Loss per Share - Basic & Diluted ($)	0.00	0.01	0.00	0.00	0.01	0.01	0.02	0.00
Weighted average number of common shares outstanding - Basic	14,227,594	14,196,772	14,180,000	14,180,000	14,180,000	6,043,014	4,180,000	4,180,000
Weighted average number of common shares outstanding - Diluted	14,227,594	14,196,772	14,180,000	14,180,000	14,180,000	6,043,014	4,180,000	4,180,000

Cash flows

The following table sets forth a summary of our statements of cash flows for the periods ended March 31, 2013 and 2012:

	2013	2012
Net cash (used in) operating activities	$ (55,750)	$ (62,296)
Net cash from financing activity	(10,971)	-
Net cash (used in) investing activity	-	-
Net increase (decrease) in cash	$ (66,721)	$ (62,296)

Liquidity and Capital Resources

As at March 31, 2013, the Company has cash of $1,082,935. 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 March 31, 2013 consisted of exploration and evaluation assets of $70,000 compared to $70,000 at December 31, 2012.

The company's working capital position at March 31, 2013 was $1,072,928 compared to $1,108,344 at December 31, 2012.

Current assets excluding cash at March 31, 2013 consisted of other receivables of $846 compared to $1,841 at December 31, 2012.

Current liabilities as at March 31, 2013 consisted of trade payables and accrued liabilities of $10,853 compared to $32,182 as at December 31, 2012 and due to related parties of $Nil compared to $10,971 as at December 31, 2012.

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 March 31, 2013, the Company had 14,305,000 common shares issued and outstanding. As at May 24, 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 March 31, 2013 and May 24, 2013, 150,000 options were outstanding and will expire on August 6, 2015.

Off-Balance Sheet Arrangements

As at March 31, 2013, the Company had no off-balance sheet arrangements.

Transactions with Related Parties

As at March 31, 2013, $nil (December 31, 2012 - $ 10,971) was payable to the related parties. The amount is non-secured, non-interest bearing and due on demand.

The Company has identified its directors and key officers, including the Chief Executive Officer and Chief Financial Officer, as its key management personnel. The remuneration of directors and officers comprising key management personnel during the three months was as follows:

	March 31, 2013	**March 31, 2012**
	$	**$**
Fees and consulting services incurred to directors and officers	7,500	-

For the three months ended March 31, 2013, directors of the Company incurred travel expenses of $23,081(2012 - $nil) on behalf of the Company. The Company has repaid $34,052 to the directors during the three months ended March 31, 2013 (2012 - $nil).

The above transactions were entered into in the ordinary course of business and recorded at their exchange amounts being the amounts agreed upon by the related parties.

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 exist, 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: judgment 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

The Company adopted the following accounting policies effective January 1, 2013:

- **Amendments to IFRS 7 *Financial Instruments Disclosures* -** requires entities to provide additional information about offsetting of financial assets and financial liabilities that will enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with an entity's recognized financial assets and recognized financial liabilities, on the entity's financial position. The adoption of this IFRS did not impact the Company's interim financial statements.

- **IFRS 13 *Fair Value Measurement* -** is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. The adoption of this IFRS did not impact the Company's interim financial statements.

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.

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 July 15, 2013.

Other Information

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