Kaiyue International Inc.
Management's Discussion and Analysis
Six Months Ended June 30, 2015

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 six months ended June 30, 2015 and the audited financial statements for the year ended December 31, 2014 and the notes thereto. The financial information in this MD&A is derived from the Company's condensed interim financial statements for the six months ended June 30, 2015 and the audited financial statements as at and for the year ended December 31, 2014 prepared in accordance with IFRS (International Financial Reporting Standards). These interim financial statements have been prepared by management. The effective date of this MD&A is August 26, 2015.

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 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 (unpaid);
   - (iii) $55,000 on or before the date which is two years from November 12, 2012 (unpaid),
   - (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 (paid $100,000 and recorded as exploration and evaluation assets during the year ended December 31, 2013),
   - (ii) $400,000 before the date which is two years from November 12, 2012 (unissued),
   - (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 (issued on November 13, 2013), and
   - (iii) 200,000 Shares on or before the date which is two years from November 12, 2012 (unissued).

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.

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 (not issued),
- (iii) 25,000 common shares on the second anniversary of the closing of the Transactions (not issued) , and
- (iv) 25,000 common shares on the third anniversary of the closing of the Transactions.

Up to this report date, Canaccord Genuity made no requests for the issuance of 25,000 common shares on the first and second anniversary of the closing of the Transactions as per the above Finder's Fee Agreement.

On December 10, 2014, the Company entered into a Extension Agreement with BCGold that allowed the Company to postpone its obligations under the original Letter Agreement due on the "First Anniversary date" and the "Secondary Anniversary date" to May 31, 2015, in consideration for Kaiyue's assistance in securing additional financing and searching for cooperation opportunities for BCGold. As at June 30, 2015, the Company intends to continue negotiations with BCGold to allow the Company to postpone its obligations to a further date under the Letter Agreement. As of the date of this report, management is unable to determine when the negotiations will come to the end and whether the Company will be successfully obtain a further extension.

As of June 30, 2015, the Company has not completed all of its obligations under the original Letter Agreement due on the "First Anniversary date" and "Second Anniversary date". There was no payment made and no share issued to BCGold for exploration activities for the six months ended June 30, 2015and 2014.

On March 10, 2014, the Company entered into an option agreement with Rich Links Parties, defined as Rich Links Venture Limited ("Rich Links"), XingYuan Investment Mining Limited ("XingYuan"), a Hong Kong Corporation wholly owned by Rich Links, and Mr. Pui Kei Kwok, a person who owns 100% of the issued and outstanding share capital of Rich Links. Pursuant to the agreement, the Company received an option to acquire up 51% interest in and to the Shizipo project in Qiongzhong county and Jianlingcun project in Din'an county, both located in the Hainan province in People's Republic of China.

Kaiyue will acquire an initial 6% interest in the Projects when Kaiyue:

i. pays to Mr. Pui Kei Kwok (the "**Vendor**") cash in the amount of $10,000 upon signing of the Option Agreement and $10,000 on or before the date which is one (1) year from March 10, 2014 (the "**Effective Date**"); (Paid)

ii. allots and issues to the Vendor, as fully paid and non-assessable, 100,000 common shares of Kaiyue (each, a "**Share**"), on or before the date which is one (1) year from the Effective Date; (Issued on August 24, 2015) and

iii. incurs exploration expenditures of at least $50,000 on the Projects on or before the date which is one (1) year from the Effective Date. (Incurred)

Kaiyue will acquire an additional 5% interest in the Projects when Kaiyue:

(i) pays to the Vendor cash in the amount of $10,000 on or before the date which is two (2) years from the Effective Date;

(ii) allots and issues to the Vendor, as fully paid and non-assessable, 100,000 Shares, on or before the date which is two (2) years from the Effective Date; and

(iii) incurs exploration expenditures of at least $50,000 on the Projects on or before the date which is two (2) years from the Effective Date.

Kaiyue will acquire an additional 10% interest in the Projects when Kaiyue:

(i) pays to the Vendor cash in the amount of $20,000 on or before the date which is three (3) years from the Effective Date;

(ii) allots and issues to the Vendor, as fully paid and non-assessable, 100,000 Shares, on or before the date which is three (3) years from the Effective Date; and

(iii) incurs exploration expenditures of at least $250,000 on the Projects on or before the date which is three (3) years from the Effective Date.

Kaiyue will acquire an additional 10% interest in the Projects when Kaiyue:

(i) pays to the Vendor cash in the amount of $20,000 on or before the date which is four (4) years from the Effective Date;

(ii) allots and issues to the Vendor, as fully paid and non-assessable, 100,000 Shares, on or before the date which is four (4) years from the Effective Date; and

(iii) incurs exploration expenditures of at least $250,000 on the Projects on or before the date which is four (4) years from the Effective Date.

Kaiyue will acquire an additional 20% interest in the Projects when Kaiyue:

(i) pays to the Vendor cash in the amount of $50,000 on or before the date which is five (5) years from the Effective Date;

(ii) allots and issues to the Vendor, as fully paid and non-assessable, 100,000 Shares, on or before the date which is five (5) years from the Effective Date; and

(iii) incurs exploration expenditures of at least $150,000 on the Projects on or before the date which is five (5) years from the Effective Date.

On April 25, 2014, TSX Venture Exchange has accepted for filing an option agreement dated March 10, 2014 (the "Agreement") between the Company and Rich Links Venture Limited (Pui Kei Kwok) (the "Vendor") and Xing Yuan Investment Mining Limited. Pursuant to the terms of the Agreement, the Company will receive an option to acquire up to a 51% interest in the Shizipo Project in Qiongzhong County and Jianlingcun Project in Ding'an County in the Hainan Province in China. By way of consideration, the Company will make cash payments totaling $110,000 and will issue 500,000 shares to the Vendor at a deemed price of $0.055 per share.

In 2014, there was a $70,000 payment made to Rich Links Parties per the signed Option Agreement. The payment of $70,000 has been recorded as exploration and evaluation assets. 100,000 common shares due on the March 10, 2015 have been issued on August 24, 2015. There was no payment made to Rich Links Parties per the signed Option Agreement for the six months ended June 30, 2015.

Results of Operations

For the period ended June 30, 2015, the Company incurred a loss of $143,038 compared with a loss of $168,800 for the period ended June 30, 2014. The decrease in loss was mainly due to the deceases in the consulting fees of $45,000 (2014 - $77,250), director fees of $4,938 (2014 - $8,953), professional fees of $19,204 (2014 - $32,460), and travel expense of $8,861 (2014 - $27,515), net against the increases in general admin expenses of $12,741 (2014 - $5,107), rent of $33,000 (2014 - $nil), salaries and wages of $6,887 (2014 - $nil). The basic and diluted loss per share was $0.01 for the period ended June 30, 2015 compared with $0.01 for the period ended June 30, 2014.

In September 2014, the Company entered into an office rental agreement with Zhongyi for $5,500 per month. The $33,000 increase in rental expenses was due to $33,000 rental expense under the agreement incurred (June 30, 2014 – $Nil).

Summary of Quarterly Results

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

	Quarter Ended 30-Jun-15	Quarter Ended 31-Mar-15	Quarter Ended 31-Dec-14	Quarter Ended 30-Sep-14	Quarter Ended 30-Jun-14	Quarter Ended 31-Mar-14	Quarter Ended 31-Dec-13	Quarter Ended 30-Sep-13
Loss for the period ($)	72,807	70,231	75,736	86,035	112,200	56,600	48,799	37,481
Loss per Share - Basic & Diluted ($)	0.00	0.00	0.00	0.01	0.01	0.00	0.00	0.00

Liquidity and Capital Resources

Cash flows

The following table sets forth a summary of our statements of cash flows for the six months ended June 30, 2015 and 2014:

		2015		2014
Net cash (used in) operating activities	$	(136,067)	$	(90,284)
Net cash generated from financing activity		4,545		-
Net (decrease) in cash	$	(131,522)	$	(90,284)

As at June 30, 2015, the Company had cash of $452,226. Management believes that the cash balance is sufficient to meet its working capital and contractual obligations at the present level for at least the next twelve months.

The Company’s working capital position at June 30, 2015 was $427,258 compared to $566,860 at December 31, 2014.

Current assets excluding cash at June 30, 2015 consisted of GST receivables of $5,648 compared to $3,543 at December 31, 2014 and prepaid expenses of $362 compared to $3,119 at December 31, 2014.

Current liabilities as at June 30, 2015 consisted of trade payables and accrued liabilities of $23,478 compared to $20,595 as at December 31, 2014. The $2,883 increase in the trade payables and accrued liabilities was mainly due to the increase in accrued professional fees of 15,065, net against the decrease in accrued rent payable in the amount of $11,000 as of June 30, 2015. The Company had $7,500 due to related party compared to $2,955 as at December 31, 2014.

The Company had no operating income. The proceeds raised from shares issuance 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

The Company's common shares have no par value and the authorized share capital is composed of 77,000,000 of common shares. Share capital outstanding at June 30, 2015 was 15,174,230 common shares (December 31, 2014 – 15,174,230). As at August 26, 2015, the Company had 15,174,230 common shares issued and outstanding.

On October 22, 2013, the Company has completed the closing of a non-brokered private placement of 769,230 common shares at $0.13 per share for proceeds of $100,000. The Company has used the proceeds from the sale of the shares to incur exploration expenditures on its Toe Property.

On November 12, 2013, the Company issued 100,000 common shares at $0.10 per share to BCGold pursuant to the Extension to Option Agreement that allowed the Company to postpone its obligations on the Toe Property under the original Letter Agreement with BCGold.

On May 24, 2013, the Company granted an aggregate of 250,000 options to directors and officers of the Company at an exercise price of $0.13 per share for a period of 60 months. All of the options were vested equally over a four year period (25% on each of the 1st to 4th anniversary dates of grant) and are exercisable in accordance with the terms of the Company's Stock Option Plan.

As at June 30, 2015, the Company has stock options outstanding to directors and officers to acquire an aggregate of 400,000 common shares summarized as follows:

	Number of Options	Exercise Price	Expiry Date
Outstanding, December 31, 2012	150,000	$0.10	August 6, 2015
Granted on May 24, 2013	250,000	$0.13	May 24, 2018
Outstanding, December 31, 2014 and 2013	400,000	$0.12	
Cancelled on April 12, 2015	(100,000)	$0.13	May 24, 2018
Outstanding, June 30, 2015	300,000	$0.12	

As at August 26, 2015, 227,500 options were exercisable.

Off-Balance Sheet Arrangements

As at June 30, 2015, the Company had no off-balance sheet arrangements.

Transactions with Related Parties

Amounts due from (to) related parties

	June 30, 2015	**December 31, 2014**
	$	**$**
Amounts owing to CEO of the Company (a)	5,000	-
Amounts owing to CFO of the Company (b)	2,500	2,955
Zhongyi Financial Investment Consultants (Shenzhen) Ltd. (c)	5,500	16,500

a) Balance consists of consulting fees and expenses reimbursement due to the current CEO.
b) Balance is related to payable to current CFO for her consulting service.
c) Balance consists of rental fees due to Zhongyi Financial Investment Consultants (Shenzhen) Ltd. ("Zhongyi") which the CEO of the Company is also part of the senior management team of. The balance has been included in accounts payable and accrued liabilities in the consolidated statements of financial position.

The amount owing to CEO, CFO and Zhongyi is unsecured, non-interest bearing and without fixed repayment terms.

<u>Related party transactions</u>

Compensation of key management personnel

The Company has identified its directors and key officers, including the Chief Executive Officer and Chief Financial Officer, as its key management personnel. No post-employment benefits, other long-term benefits and termination benefits were made during the six months ended June 30, 2015 and 2014.

The remuneration of directors and officers comprising key management personnel during the six months ended June 30, 2015 and 2014 was as follows:

	June 30, 2015	June 30, 2014
	$	$
Consulting fees incurred to officers	45,000	47,250
Director fees	4,938	8,953
Share-based payments	3,436	6,621

In September 2014, the Company entered into an office rental agreement with Zhongyi for $5,500 per month. For the six months ended June 30, 2015, there was $33,000 rental expense under the agreement incurred (June 30, 2014 – $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

Fair value

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between willing parties.

The fair values of cash and cash equivalents, trade payables and accrued liabilities, and due to related parties approximate their carrying value due to their short term maturities.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – inputs that are not based on observable market data.

The fair value of cash and cash equivalents is based on level 1 inputs of the fair value hierarchy.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

(a) Credit Risk

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.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as 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.

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 Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Deferred taxes

The Company recognizes the deferred tax benefit related to deferred tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods from deferred tax assets.

Share-based payment transactions

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grants. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share options, volatility and dividend yield and making assumptions about them.

Changes in Accounting Policies

The accounting policies applied in preparation of these interim financial statements are consistent with those applied and disclosed in the Company's financial statements for the year ended December 31, 2014. In addition, the Company adopted the following accounting policies effective January 1, 2015:

- Amendments to IFRS 13 Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure 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. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and does not always reflect a clear measurement basis or consistent disclosures. The amendments to IFRS 13, issued in December 2013, clarify that the portfolio exception applies to all contracts within the scope of IFRS 9 Financial instruments or IAS 39 Financial instruments: Recognition and measurement, regardless of whether they meet the definitions of financial assets or financial liabilities in IAS 32 Financial instruments: Presentation. The amendments are effective for annual periods beginning on or after July 1, 2014. The adoption of this IFRS did not impact the Company's financial statements.

- Amendments to IAS 24 Related Party Disclosures

The amendments to IAS 24, issued in December 2013, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014. The adoption of this IFRS did not impact the Company's 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 (2014)

  This is a finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- **Classification and measurement**. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- **Impairment**. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized
- **Hedge accounting**. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures
- **Derecognition**. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Applicable to the Company's annual period beginning on January 1, 2018.

- IFRS 15 Revenue from Contracts with Customers

  In May 2014, the IASB issued IFRS 15 which replaces the detailed guidance on revenue recognition requirements that currently exists under IFRS. IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers, unless the contracts are within the scope of other IFRSs. The standard also provides a model for the measurement and recognition of gains and losses on the sale of certain non-financial assets that are not an output of the Company's ordinary activities. Additional disclosure is required under the standard, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods, and key judgments and estimates. The standard is effective for annual periods beginning on or after January 1, 2017; early application is permitted either following a full retrospective approach or a modified retrospective approach. The modified retrospective approach allows the standard to be applied to existing contracts beginning the initial period of adoption and restatements to the comparative periods are not required. The Company is required to disclose the impact by financial line item as a result of the adoption of the new standard. The Company intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning January 1, 2017. The extent of the impact of adoption of IFRS 15 has not yet been determined.

Other Information

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