Kaiyue International Inc.
Management's Discussion and Analysis
Year Ended December 31, 2015

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 years ended December 31, 2015 and 2014 and the notes thereto. The financial information in this MD&A is derived from the Company's audited financial statements as at and for the years ended December 31, 2015 and 2014 prepared in accordance with IFRS (International Financial Reporting Standards). These annual financial statements have been prepared by management and have been audited by the Company's external auditors. The effective date of this MD&A is April 28, 2016.

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.

Toe Property – Yukon Territory

In order to acquire a 60% interest of the 70% interest in the Toe Property, the Company will be required to make the following payments, incur the following exploration expenditure and share issuance to BCGold:

	Cash	Exploration Expenditure	Shares
upon signing of the Letter Agreement (paid)	$ 25,000	$ -	-
upon receipt of the Final Approval (issued)	-	-	100,000
on or before from November 12, 2013 (unpaid)	25,000	-	-
on or before from November 12, 2013 ($100,000 incurred)	-	200,000	-
on or before from November 12, 2013 (unpaid and issued)	50,000	-	100,000
on or before from November 12, 2014 (unpaid, un-incurred and unissued)	100,000	400,000	200,000
on or before from November 12, 2015 (unpaid, un-incurred)	255,000	650,000	-
on or before from November 12, 2016		650,000	-
	$ 255,000	$ 1,900,000	400,000

On November 8, 2012, the Company also entered into the Finder's Fee Agreement (the "Agreement") with Canaccord Genuity Corp. ("Canaccord Genuity"). As compensation for its role in assisting the Company to purchase certain minerals claims from BCGold, the Agreement required the Company to make the following payment and shares issuance:

	Cash	Shares
upon signing of the Agreement (paid)	$ 25,000	-
upon closing of the Transactions (issued on November 12, 2012)	-	25,000
on or before from November 12, 2013 (unissued)	-	25,000
on or before from November 12, 2014 (unissued)	-	25,000
on or before from November 12, 2015 (unissued)	-	25,000
	$ 25,000	100,000

Due to the current market situation, the Company has not completed all of its obligations under the original Letter Agreement due on November 12, 2013, 2014 and 2015 as of December 31, 2015, resulting the Company being in default of the option agreement. Accordingly, the Company has recognized an impairment in the amount of $180,000 as of December 31, 2015 on Toe Property to reduce the carrying amount of interest in Toe Property to $Nil. If there is an indication in the future that the impairment loss recognized no longer exists or has decreased, the recoverable amount will be estimated and the carrying value of the property will be increased to its recoverable amount.

Shizipo project and Jianlingcun Project

On March 10, 2014, the Company entered into an option agreement (the "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 Option Agreement, the Company received an option to acquire up to 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. 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.

On April 25, 2014, TSX Venture Exchange has accepted for filing the Option agreement dated March 10, 2014 between the Company and Rich Links Venture Limited (Pui Kei Kwok) (the "Vendor") and Xing Yuan Investment Mining Limited.

In order to acquire up to 51% interest in the Shizipo project and Jianlingcun Project, the Company will be required to pay Mr. Pui Kei Kwok (the "**Vendor**") the following payments, and to incur the following exploration expenditure and shares issuance from March 10, 2014 (the "**Effective Date**"):

	Cash	**Exploration Expenditure**	**Shares**
To acquire an initial 6% interest in the Projects			
upon signing of the Option Agreement (paid)	$ 10,000	$ -	
on or before March 10, 2015 (paid)	10,000	-	-
on or before March 10, 2015			
(issued on August 24, 2015)	-	-	100,000
on or before March 10, 2015 (incurred)	-	50,000	-
To acquire an additional 5% interest in the Projects			
on or before March 10, 2016	10,000	50,000	100,000
To acquire an additional 10% interest in the Projects			
on or before March 10, 2017	20,000	250,000	100,000
To acquire an additional 10% interest in the Projects			
on or before March 10, 2018	20,000	250,000	100,000
To acquire an additional 20% interest in the Projects			
on or before March 10, 2019	50,000	150,000	100,000
	$ 120,000	$ 750,000	500,000

Pursuant to the Option Agreement, the Company issued 100,000 at $0.01 per share to Pui Kei Kwok On August 24, 2015. However, due to the current market situations, management has not completed all of its obligations due on March 10, 2016, resulting the Company being in default of the option agreement. The Company has recognized an impairment in the amount of $71,000 as of December 31, 2015 on Shizipo project and Jianlingcun Project to reduce the carrying amount of interest to $Nil. If there is an indication in the future that the impairment loss recognized no longer exists or has decreased, the recoverable amount will be estimated and the carrying value of the property will be increased to its recoverable amount.

Expenditure related to the property can be summarized as follows:

		Toe Property		Shizipo project		Total
Beginning balance - January 1, 2015	$	180,000	$	70,000	$	250,000
Issuance of shares				1,000		1,000
Write-down of property		(180,000)		(71,000)		(251,000)
Ending balance - December 31, 2015	$	-	$	-	$	-

The Company is seeking for a new business opportunity which would be in the best interest and benefit to shareholders. Any such new business would be approved by independent shareholders through a special shareholder meeting.

SELECTED ANNUAL FINANCIAL DATA

The following chart summarizes selected annual financial information:

	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
Balance Sheet:			
Total assets	326,981	840,410	1,140,513
Operation:			
Total revenue	-	-	-
Net loss	(520,756)	(330,571)	(160,336)
Basic and diluted loss per share	(0.03)	(0.02)	(0.01)

Results of Operations

For the year ended December 31, 2015, the Company incurred a loss of $520,756 compared with a loss of $330,571 for the year ended December 31, 2014. The increase in loss was mainly due to the increases in the impairment of exploration and evaluation assets of $251,000 (2014 - $Nil) and the rent of $66,000 (2014 - $16,500), offset by the decrease in the consulting fees of $90,000 (2014 - $147,663), director fees of $9,338 (2014 - $16,628), professional fees of $27,237 (2014 - $34,703), share-based payment of $4,383 (2014 - $10,489), and travel expense of $22,834 (2014 - $51,560). The basic and diluted loss per share was $0.03 for year ended December 31, 2015 compared with $0.02 for the year ended December 31, 2014.

The $57,663 decrease in consulting fees was due to a $55,413 consulting fee paid to a third party consultant in 2014 for their services provided for the acquisition of option interests of Hainan Projects, which was not incurred in the same time of year 2015.

In September 2014, the Company entered into an office rental agreement with Zhongyi for $5,500 per month, effectively from October 1, 2014. The $49,500 increase in rental expenses was due to 12 months rental expenses of $66,000 were incurred under the agreement (December 31, 2014 – $16,500).

Summary of Quarterly Results

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

	Quarter Ended 31-Dec-15	Quarter Ended 30-Sep-15	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
Loss for the period ($)	133,048	244,670	72,807	70,231	75,736	86,035	112,200	56,600
Loss per Share - Basic & Diluted ($)	0.01	0.02	0.00	0.00	0.00	0.01	0.01	0.00

Fourth Quarter

For the fourth quarter ended December 31, 2015, the Company incurred a loss of $133,048 compared with loss of $75,736 for the period ended December 31, 2014. The basic and diluted loss per share was $0.01 for the quarter ended December 31, 2015 compared with $0.00 for the quarter ended December 31, 2014.

The increase in loss of $57,312 for the fourth quarter ended December 31, 2015 was mainly due to the increases in the impairment of exploration and evaluation assets of $71,000, and decrease in the share-based payment of $2,029 and decrease in travel expenses of $4,969.

Liquidity and Capital Resources

Cash flows

The following table sets forth a summary of our statements of cash flows for the years ended December 31, 2015 and 2014:

		2015		2014
Net cash (used in) operating activities	$	(263,364)	$	(306,316)
Net cash (used in) generated from financing activity		(4,291)		2,955
Net cash (used in) investing activity		-		(70,000)
Net (decrease) in cash	$	(267,655)	$	(373,361)

As at December 31, 2015, the Company had cash of $316,093. 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. Beyond the twelve month period, the Company will require additional financing or other sources of funding, which if not raised, would result in the curtailment of activities. As a result, there is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and accordingly use accounting principles applicable to a going concern.

The Company's working capital position at December 31, 2015 was $301,487 compared to $566,860 at December 31, 2014.

Current assets excluding cash at December 31, 2015 consisted of GST receivables of $6,805 compared to $3,543 at December 31, 2014 and prepaid expenses of $4,083 compared to $3,119 at December 31, 2014.

Current liabilities as at December 31, 2015 consisted of trade payables and accrued liabilities of $10,330 compared to $4,095 as at December 31, 2014. The Company has $15,164 due to related party compared to $19,455 as at December 31, 2014.

The Company had 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

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 December 31, 2015 was 15,274,230 common shares (December 31, 2014 - 15,174,230). As at April 28, 2016, the Company had 15,174,230 common shares issued and outstanding.

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 December 31, 2015, the Company has stock options outstanding to directors and officers to acquire an aggregate of 200,000 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	(50,000)	$0.13	May 24, 2018
Cancelled on April 12, 2015	(50,000)	$0.10	August 6, 2015
Expired on August 6, 2015	(100,000)	$0.10	August 6, 2015
Outstanding, December 31, 2015	200,000	$0.13	May 24, 2018

As at April 28, 2016, 100,000 options were exercisable.

Off-Balance Sheet Arrangements

As at December 31, 2015, the Company had no off-balance sheet arrangements.

Transactions with Related Parties

Amounts due to related parties

	December 31, 2015	December 31, 2014
	$	$
Amounts owing to CFO of the Company (a)	2,625	2,955
Amounts owing to CEO of the Company (b)	6,214	-
Amounts owing to Director of the Company (c)	825	-
Zhongyi Financial Investment Consultants (Shenzhen) Ltd. (d)	5,500	16,500
	15,164	19,455

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 is related to payable to current Director for his directorship service.
d) 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. In September 2014, the Company entered into an office rental agreement with Zhongyi for $5,500 per month. For the year ended December 31, 2015, three was $66,000 rental expense incurred under the agreement (December 31, 2014 – $16,500). The balance owing to Zhongyi has been included in accounts payable and accrued liabilities in the consolidated statements of financial position.

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

Related party transactions

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 years ended December 31, 2015 and 2014.

The remuneration of directors and officers comprising key management personnel during the years ended December 31, 2015 and 2014 was as follows:

	December 31, 2015	December 31, 2014
	$	$
Consulting fees incurred to officers	90,000	92,250
Director fees	9,338	16,628
Share-based payments	4,383	10,489

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

Provisions for deferred taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

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.

Accounting Standards Issued but not yet Effective

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.

On May 6, 2014 the IASB issued Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11). The amendments apply prospectively for annual periods beginning on or after January 1, 2016. Earlier application is permitted. The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The impact of adoption of the amendment has not yet been determined.

On July 24, 2014 the IASB issued the complete IFRS 9. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight. The impact of adoption of the amendment has not yet been determined.

In December 2014, the IASB amended IAS 1, "Presentation of Financial Statements", providing guidance on the application of judgment in the preparation of financial statements and disclosures. The amendments are effective for annual periods beginning on or after December 1, 2016 with early adoption permitted, but the Company does not intend to do so at this time.

Other Information

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