**SURREY CAPITAL CORP.**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**FOR THE PERIOD ENDED FEBRUARY 28, 2013**

**DATED APRIL 17, 2013**

## Disclosure Regarding Forward-Looking Statements

This Management’s Discussion and Analysis contains forward-looking statements that include risks and uncertainties that are disclosed under the section Risk Factors. Other factors that could affect actual results are uncertainties pertaining to government regulations, both domestic as well as foreign, and the changes within the capital markets. Other risks may be disclosed from time to time in Surrey Capital Corp.’s public disclosures.

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Unless otherwise indicated, in this Management's Discussion and Analysis ("**MD&A**") all references to "**dollar**" or the use of the symbol "**$**" are to the Canadian Dollar.

The preparation of the financial statements are in conformity with Canadian Generally Accepted Accounting Principles ("**CGAAP**") that have been revised to incorporate International Financial Reporting Standards ("**IFRS**") and requires management to make assumptions that affect the reported amounts of assets, liabilities and expenses in addition to the disclosure of contingent liabilities at the date of the financial statements and reporting amounts. Surrey Capital Corp. (the "**Corporation**") bases its estimates on historical experience, current trends and various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ and will most likely differ from those estimates.

## ITEM 1 - Overview

Surrey Capital Corp. (the "**Corporation**") has its common shares listed on the TSX Venture Exchange (the "**Exchange**") for trading under the symbol SYC.P upon the completion of its initial public offering ("**IPO**") as disclosed in a prospectus filed with the regulators and dated December 10, 2010. The Corporation issued 4,928,000 common shares at $0.10 per common shares in conjunction with its IPO.

The Corporation is classified as a Capital Pool Company as described in the policies of the Exchange. As a result, the Corporation's current business is to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction ("**QT**"), as described in the policies of the Exchange. Any proposed QT must be accepted by the Exchange and in the case of a non-arm's length QT must also receive majority of the minority approval in accordance with policies of the Exchange. The Corporation has not conducted commercial operations and will not until the completion of its QT.

Until completion of a QT, the Corporation will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential QT. With the consent of the Exchange, this may include the raising of additional funds in order to finance an acquisition. Except as described in the Corporation's Prospectus, the funds raised pursuant to the IPO and any subsequent financing will be utilized only for the identification and evaluation of potential Qualifying Transactions and not for any deposit, loan or direct investment in a potential acquisition.

On April 4, 2011, the Corporation entered into a Letter of Intent with CINS Technology Limited ("**CINS**"), a technology company focused on developing design and develop Massive MultiPlayer Online Role Playing Games ("**MMORPG**") in China for the Chinese linguistic market worldwide using proprietary game engine.

On June 21, 2011, the Corporation announced that it had terminated the proposed transaction with CINS.

On October 18, 2012, the Corporation signed a Letter of Understanding ("**LoU**") with Richmond Minerals Inc. ("**Richmond**") and Mag Copper Ltd. ("**Mag**") (jointly the "**Optionors**") whereby the Optionee and the Optionors would enter into a definitive option agreement (the "**Option Agreement**") allowing the Optionee to acquire up to a 50% interest in a 34 unpatetented mining claims in (the "**Property**") located in the Halle Township of the Province of Quebec (NTS Map Sheet Numbers 31M08). The LoU was superseded by the Option Agreement that was signed on December 31, 2012.

The Option Agreement provides the Corporation the option to acquire 50% of the Property upon incurring an aggregate of $200,000 in exploration and development expenditures on the Property, in addition to paying the Optionors $20,000 and the issuance of 200,000 common shares of the Corporation upon the release of the Final Exchange Bulleting ("**FEB**") and 400,000 common shares of the Corporation on the anniversary of the FEB.

The Qualifying Transaction closed on March 13, 2013, with trading resuming March 15th, 2013. Concurrently with the closing of the Qualifying Transaction, the Corporation raised $74,800 by way of a 12% Convertible Debenture maturing August 31, 2014. The holder of these debentures will have the right to convert in to common shares at the Corporation at a price of $0.10 per common share (Conversion ratio of 1,000 common share per $100 of Face Value). In addition, subscribers received 1,000 Share Purchase

Warrants for each $100 of Face Value, where each Share Purchase Warrant provides the holder with the right to purchase one additional common share prior to August 31, 2014 at a price of $0.10 per common share.

## ITEM 2 - Selected Annual Information

Only two year is presented as the Corporation was incorporated on September 13, 2010 and has an August 31 fiscal year end.

The following is selected annual information for the preceding fiscal years:

| August 31 | 2012 | 2011 |
|---|---|---|
| Net revenues | $ nil | $ nil |
| Net loss | 30,789 | 55,331 |
| Total assets | 448,768 | 476,328 |
| Long term liabilities | Nil | Nil |
| Loss per share | 0.00 | 0.01 |
| Cash dividends per share | 0.00 | 0.00 |

For further audited financial information, please refer to the Corporation's audited financial statements that have been filed on SEDAR

## ITEM 3 - Results of Operations

For the period ended August 31, 2012 versus August 31, 2011

For the year ended August 31, 2012, the Corporation had not yet commenced operations other than the identification, evaluation of assets or businesses that would constitute the QT. Therefore, the Corporation had not yet recorded any revenues.

For the year ended August 31, 2012, the Corporation had office and general expenditures of $36,076 versus $50,000 the year earlier, for a decrease of $13,924 or 27.8%. Expenses related to general office expenses, premises and regulatory fees in addition to a charge for the granting of charitable stock options but excluding the share-based compensation expense in 2011 was $31,223 in fiscal 2011. Management anticipates expenses to be relatively stable while the Corporation remains a CPC.

For the period ended August 31, 2011, the Corporation incurred $18,777 in share-based compensation expense with no comparative figure for the current fiscal year. The Corporation does not anticipate having any further until it has successfully completed its Qualifying Transaction.

For the period ended August 31, 2012, the Corporation had an operating loss of $36,076 versus $50,000 the year earlier, for an improvement of $13,924 or 27.8%. As the significant differences between these two fiscal periods were the granting of share-based compensation, management anticipates that future operating losses to be relatively stable while the Corporation remains a CPC.

For the period ended August 31, 2012, the Corporation had an interest income of $5,287 versus $2,920, for an increase of $2,367 or 81.1%. The increase is due to the fact that the IPO closed in February 2011, at which time the corporation was able to invest the proceeds in money market instruments, thus benefiting of this for all of 2012 and only 7 months in 2011.

For the period ended August 31, 2011, the Corporation had a project analysis expenditures expenditure of $8,251 versus none in fiscal 2012.

The net loss for the period ended August 31, 2012 was $30,789 for a loss per share of $0.00 based on 7,428,000 weighted average shares outstanding for the period versus $55,331 for a loss per share of $0.01 based on 5,511,216 weighted average shares outstanding for the previous period.

During the period ended August 31, 2012, the Corporation did not issue any common shares. During the previous fiscal period, the Corporation issued 4,928,000 common shares via for gross proceeds of $492,800 as well as 2,500,000 common shares for gross proceeds of $125,000.

The Corporation's had a cash and cash equivalents balance at the end as at August 31, 2012 was $445,252 (2011 - $475,036), with working capital of $438,539 (2011 - $469,328).

## ITEM 4 - Summary of Quarter Results

The following table sets forth, for each quarter ended on the date indicated since incorporation, information relating to the Company's revenue, net loss and loss per common share as prepared under Canadian GAAP.

| | Revenues | Net loss | Loss/share: basic and diluted |
|---|---|---|---|
| February 28, 2013 | $ --- | $ 24,240 | $ 0.00 |
| November 30, 2012 | --- | 20,005 | 0.00 |
| August 31, 2012 | --- | 6,243 | 0.00 |
| May 31, 2012 | --- | 9,550 | 0.00 |
| February 29, 2012 | --- | 7,659 | 0.00 |
| November 30, 2011 | --- | 7,337 | 0.00 |
| August 31, 2011 | --- | 6,231 | 0.00 |
| May 31, 2011 | --- | 16,620 | 0.00 |

For the three months ended February 28, 2013

For the three months ended February 28, 2013, the Corporation had office and general expenditures of $7,851 versus $9,037 the year earlier, for a decrease of $1,186 or 13.1%. These expenses related to general office expenses, premises and regulatory fees as well as professional fees. The future expenses are anticipated to increase now that the Corporation has completed its Qualifying Transaction.

For the three months ended February 28, 2013, the Corporation did not have any stock-based compensation, and does not anticipate having any further until it has successfully completed its Qualifying Transaction. In the earlier period the Corporation also did not recorded any stock-based compensation expense.

For the three months ended February 28, 2013, the Corporation had an operating loss of $7,851 versus $9,037 the year earlier, for an increase of $1,351 or 13.1%. The Corporation anticipates future operating losses to increase now that the Corporation has completed its Qualifying Transaction.

For the three months ended February 28, 2013, the Corporation has interest income of $993 versus $1,378 the year earlier. The reduction in interest income is due a lower cash balance.

For the three months ended February 28, 2013, the Corporation had project analysis cost of $17,382 for the period versus $Nil the year earlier. While the Corporation has completed its Qualifying Transaction, management believes that one way to create shareholders' value is by building a portfolio of junior exploration properties where such acquisition costs shall be expensed as incurred.

The net loss for the three months ended February 28, 2013 was $24,240 for a loss per share of $0.00 based on 7,428,000 weighted average shares outstanding for the period versus a net loss of $7,659 the previous year for a loss per share of $0.00 based on 7,428,000 weighted average shares outstanding for the period. The increase in the loss is primarily attributable to the project analysis costs incurred during the period.

For the six months ended February 28, 2013

For the six months ended February 28, 2013, the Corporation had office and general expenditures of $17,941 versus $17,778 the year earlier, for an increase of $165 or 0.9%. These expenses related to general office expenses, premises and regulatory fees as well as professional fees. The future expenses are anticipated to increase now that the Corporation has completed its Qualifying Transaction.

For the six months ended February 28, 2013, the Corporation did not have any stock-based compensation, and does not anticipate having any further until it has successfully completed its Qualifying Transaction. In the earlier period the Corporation also did not recorded any stock-based compensation expense.

For the six months ended February 28, 2013, the Corporation had an operating loss of $17,941 versus $17,778 the year earlier, for a decrease of $165 or 0.9%. The Corporation anticipates future operating losses to increase now that the Corporation has completed its Qualifying Transaction.

For the six months ended February 28, 2013, the Corporation has interest income of $1,866 versus $2,780 the year earlier. The reduction in interest income is due a lower cash balance.

For the six months ended February 28, 2013, the Corporation had project analysis cost of $28,170 for the period versus $Nil the year earlier. While the Corporation has completed its Qualifying Transaction, management believes that one way to create shareholders' value is by building a portfolio of junior exploration properties where such acquisition costs shall be expensed as incurred.

The net loss for the six months ended February 28, 2013 was $44,245 for a loss per share of $0.01 based on 7,428,000 weighted average shares outstanding for the period versus a net loss of $14,996 the previous year for a loss per share of $0.00 based on 7,428,000 weighted average shares outstanding for the period. The increase in the loss is primarily attributable to the project analysis costs incurred during the period.

The Corporation's had a cash balance at the end of the period of $477,700 with working capital of $394,294.

## ITEM 5 - Liquidity

As at February 28, 2013, the Corporation had a cash balance of $477,700 of which $380,730 was reserved for the identification, analysis and completion of a potential QT ("**Permitted Use Proceeds**" as defined by the Exchange Policy Manual**)**. The remainder, being $96,970 is available to the Corporation for administrative and general corporate expenses in addition to regulatory obligations of being a reporting issuer ("**Restricted Use Proceeds**" as defined by the Exchange Policy Manual).

Included within this cash balance are funds in the amount of $74,800 received for concurrent financing that closed subsequent to the balance sheet date on March 13, 2013.

In addition to its cash on hand at the end of the quarter, the Corporation has the following options and warrants issued and outstanding:

| Quantity | Type | Exercise Price | Expiry Dates |
|---|---|---|---|
| 742,800 | Incentive Stock Options | $ 0.10 | January27, 2021 |
| 74,280 | Charitable Stock Options | 0.10 | January27, 2016 |
| 492,800 | Share Purchase Warrants | 0.10 | August 31, 2014 |

**ITEM 6 - Capital Resources**

Concurrently with the closing of the Qualifying Transaction the Corporation completed a concurrent financing of $74,800 12% Convertible Debenture maturing August 31, 2014. The holder of these debentures will have the right to convert in to common shares at the Corporation at a price of $0.10 per common share (Conversion ratio of 1,000 common share per $100 of Face Value). In addition, subscribers received 1,000 Share Purchase Warrants for each $100 of Face Value, where each Share Purchase Warrant provides the holder with the right to purchase one additional common share prior to August 31, 2014 at a price of $0.10 per common share.

In order to finance the future exploration and acquisition of its portfolio the Corporation may seek to raise additional funds until such time as cash flow from its potential acquisition is sufficient to fund internal growth. The timing and ability of the Corporation to fulfill this objective will depend on the liquidity of the financial markets as well as the willingness of investors to finance such a business. Such future financing may be completed by the issuance of the Corporation's securities.

To date the following financings have been completed by the Corporation:

| Date | Gross Proceeds | Number of Common Shares | Type of Transaction |
|---|---|---|---|
| September 2010 | $ 125,000 | 2,500,000 | Private Placement |
| January 2011 | 492,800 | 4,928,000 | Initial Public Offering |
| March 13, 2013 | 74,800 | N/A | Convertible Debenture |

**ITEM 7 - Off-Balance Sheet Arrangements**

As of the date of this MD&A, the Corporation does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Corporation including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

**ITEM 8 - Transactions With Related Parties**

Amounts due from and to the related parties, are a result of transactions with entities controlled by shareholders, officers or directors of the Corporation. These amounts are non-interest bearing, unsecured and not subject to specific terms of repayment unless stated.

During the period ended February 28, 2013, the Corporation recorded $10,500 (2010 - $10,500) in respect of the reimbursing of expenditures incurred on behalf of the Corporation by the directors of the Corporation or a company controlled by an officer of the Corporation with regards to office expenses, premises, regulatory fees, and project analysis costs.

Subsequent to the period ending February 28, 2013, the Corporation closed concurrently with its Qualifying Transaction a Convertible Debenture (Note 15) for $74,800, of which $57,800 was subscribed by related parties.

These transactions are in the normal course of operations and have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

**ITEM 9 - Proposed Transactions**

As of the date of this document, there is no proposed transaction that management of the Corporation believes would require the intervention or approval of the Board of Directors of the Corporation as well as the Shareholders of the Corporation.

**ITEM 10 - Risk Factors**

Investment in the Corporation must be considered highly speculative due to the nature of the Corporation's business, its formative stage of development, its current financial position and its lack of an earnings record. An investment in any securities of the Corporation should only be considered by those individual who can afford a total loss of their investment. The following is a summary of the risk factors to be considered:

- *Exploration Risks*: exploration for minerals is a speculative venture necessarily involving substantial risk.
- *Mining Risks*: mineral resource exploration and development is a speculative business and involves a high degree of risk.
- *Uninsurable Risks*: mining operations generally involve a high degree of risk, which it cannot insure or against which it may elect not to insure due to prohibitive costs or otherwise in accordance with standard industry practice.
- *Calculation Risks*: there is a degree of uncertainty attributable to the calculation of mineral reserves, mineral resources and corresponding grades being dedicated to future production.
- *No Assurance to Title or Boundaries*: title to the Corporation's properties may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects.
- *Competition*: the mineral exploration and mining business is competitive in all of its phases.
- *Permits and Licenses*: the planned operations of the Corporation, including mineral exploration and development activities and commencement of production on its properties, require permits from various levels of government.
- *Governmental Regulation and Policy Risks*: failure to comply with applicable laws, regulations and permit requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions.
- *Environmental Risks*: mineral exploration and development, like many other extractive natural resource industries, is subject to potential risks and liabilities associated with the pollution of the environment and the disposal of waste products.
- *Price Volatility of Publicly Traded Securities*: in recent years and especially in the recent months, the securities markets in Canada and the United States have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered to be development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies.
- *Possible Failure to Realize Anticipated Benefits of Future Acquisitions*: the Corporation may complete acquisitions to strengthen its position in the mineral exploration industry and to create

the opportunity to realize certain benefits including, among other things, potential cost savings. Achieving the benefits of any future acquisitions depends, in part, on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as the Corporation's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with its own.

- *Operational Risks*: mineral exploration operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion and contaminant spills, each of which could result in substantial damage to mining properties, producing facilities, other property and the environment or in personal injury.

- *Substantial Capital Requirements*; Liquidity: the Corporation may have to make substantial capital expenditures for the acquisition, exploration, development and production of mineral resources in the future.

- *Issuance of Debt*: from time to time the Corporation may enter into transactions to acquire assets or shares of other corporations. These transactions may be financed partially or wholly through debt, which may increase debt levels above industry standards.

- *Dilution*: the Corporation's common shares, including incentive stock options, rights, warrants, special warrants, subscription receipts and other securities to purchase, to convert into or to exchange into common shares of the Corporation, may be created, issued, sold and delivered on such terms and conditions and at such times as the board of the Corporation may determine.

- *Net Asset Value*: the Corporation's net asset value will vary dependent upon a number of factors beyond the control of the Corporation's management, including commodity.

- *Reliance on Management*: Shareholders of the Corporation will be dependent on the management of the Corporation in respect of the administration and management of all matters relating to the Corporation and its properties and operations.

- *Conflicts of Interest*: Certain of the directors and officers of the Corporation are also directors and officers of other reporting issuers involved in mineral exploration and development, and conflicts of interest may arise between their duties as officers and directors of the Corporation, as the case may be, and as officers and directors of such other companies.

- *No Dividends*: to date, the Corporation has not paid any dividends, and it is not anticipated that the Corporation will pay any dividends in the near future.

- *Changes in Legislation*: it is possible that the Canadian federal and provincial government or regulatory authorities could choose to change the Canadian federal income tax laws, royalty regimes, environmental laws or other laws applicable to mineral exploration companies and that any such changes could materially adversely affect the Corporation and the market value of the Corporation securities.

- *Early Stage Development Risks*: the Corporation has no history of operations and the Corporation is in the early stage of development and must be considered a start-up.

- *Future Financing Requirements*: the Corporation may need additional financing to continue in business and there can be no assurance that such financing will be available or, if available, will be on reasonable terms.

## ITEM 11 - <u>Critical Accounting Estimates</u>

The Corporation's financial statements are impacted by the accounting policies used, and the estimates and assumptions made, by management during their preparation. The Corporation's accounting policies are described within the financial statements. The accounting estimates considered to be significant to the Corporation include the computations of agents' warrants value, charitable stock option and share-based compensation expense and recovery of deferred income tax assets.

## ITEM 12 - Changes in Accounting Policies

The Corporation would like to direct readers to its audited financial statements for the year ending August 31, 2012 and unaudited financial statements for the period ending February 28, 2013, which are incorporated by reference and can be found on the regulator's web site at www.sedar.com.

## ITEM 13 - Financial Instruments and Other Instruments

The Corporation is not a party to any financial instruments and other instruments as defined in item 1.14 of National Instrument 51-102F1 – Management's Discussion and Analysis.

## ITEM 14 - Capital Structure

The Corporation is authorized to issue an unlimited number of common shares, where each common share provides the holder with one vote. As of the date of this MD&A, there were 7,428,000 common shares issued and outstanding as well as the following securities:

| Quantity | Type | Exercise Price | Expiry Dates |
|---|---|---|---|
| 742,800 | Incentive Options | $ 0.10 | January 27, 2021 |
| 74,280 | Charitable Options | 0.10 | January 27, 2016 |
| 748,000 | Share Purchase Warrants | 0.10 | August 31, 2014 |

## ITEM 15 - Other MD&A Requirements

As defined in National Instrument 52-109, disclosure controls and procedures require that controls and other procedures be designed to provide reasonable assurance that material information required to be disclosed is duly gathered and reported to senior management in order to permit timely decisions and timely and accurate public disclosure.

The Corporation has evaluated the effectiveness of its disclosure controls and procedures, as defined, and has concluded that they were effective as of the end of the period covered by this MD&A as well as of the date of this MD&A.

The Corporation has evaluated its internal controls and financial reporting procedures and have found them to be effective with the objective of reporting the Corporation's financial transactions.

The Corporation is not required to file an Annual Information Form under current securities legislation and thus has not filed one; however, a prospectus in connection with the Corporation's IPO dated December 10, 2010 has been filed electronically on SEDAR at www.sedar.com.