CDN MSolar Corp.

MANAGEMENT DISCUSSION AND ANALYSIS

December 31, 2013

As at February 24, 2014

INTRODUCTION

General

On September 30, 2013, the Company completed an amalgamation with CDN MSolar Corp. (the "MSolar") and MN Ventures Ltd. (the "MN") by way of a reverse takeover which continues the business and operations of the MSolar under the name of CDN MSolar Corp. (the "Company"). The Company was incorporated on under the laws of British Columbia on March 15, 2013. The address of the Company's corporate office and its principal place of business are 708 - 1155 West Pender, Vancouver, British Columbia, Canada.

.

The Company is a listed company, established to be the exclusive worldwide marketing and business development partner of Dongying Minghui New Energy Science & Technology Co., Ltd. (the "Minghui"). Minghui is located in the national economic and technology development zone in the city of Dongying located on the Yellow River delta in the Shandong Province of China: Minghui has developed, created and manufactured certain products and systems that involve proprietary technologies, many patents, methodologies, systems and solutions regarding integrated energy saving technology, collectively, the Minghui developments, IP and products (the "Minghui Technology"). Minghui has developed over thirty patents in conjunction with several Chinese universities in China. At its core, Minghui designs, manufactures and sells integrated energy saving technology (the "IEST") systems combining its flat-panel solar collector, multi-source heat pump and deep geothermal pump in response to a growing demand for energy-saving solutions designed for residential and commercial buildings. The Company plans to expand Minghui operations from its base in Canada to the international market, with plans to establish research and development, production and sales operations outside China.

On March 23, 2013, MSolar entered into a letter of intent with Minghui (the "Minghui LOI") to enter into a technology transfer agreement (the "TTA") to acquire the right to use and exploit the Minghui Technology. The TTA was executed on April 15, 2013. Pursuant to the TTA, MSolar was granted by Minghui an irrevocable license to produce, develop, market, sell and/or otherwise distributed the Minghui Technology. The TTA is limited to use and exploitation worldwide, with the exception of China. Pursuant to the TTA, Minghui was issued 9,750,000 MSolar Shares.

On March 22, 2013, MSolar entered into a letter of intent (the "MSolar LOI") with Newlox Gold Ventures Corp. (the "Newlox") whereby MSolar and Newlox would be amalgamated into an amalgamated company (the "Amalco"). Newlox is a reporting issuer listed on the Canadian National Stock Exchange (symbol: LUX) in the jurisdictions of British Columbia and Alberta. Pursuant to MSolar LOI, shares of MSolar issued and outstanding would be exchanged on a one-to-one basis for shares of Amalco, whereas Newlox will be issued the number of Newlox shares held by the Newlox shareholder of record of Newlox as of June 29, 2013 multiplied by the conversion factor. Accordingly Newlox will distribute approximately 2,000,000 of the Almalco's shares to the shareholders of Newlox.

Newlox assigned the MSolar LOI entered into with the MSolar to MN, a company incorporated on May 3, 2013 and is a wholly owned subsidiary of Newlox. On June 25, 2013, MSolar and MN entered into a Plan of Arrangement and Amalgamation (the "Arrangement").

MN is a start-up company and therefore has no regular source of income. As a result, the MSolar's ability to conduct operations, including the evaluation of the Minghui Technology, is based on its

current cash and its ability to raise funds, primarily from equity sources, and there can be no assurance that MSolar will be able to do so. The MSolar LOI requires all costs of the Arrangement to MN be paid by MSolar therefore all working capital and operations for the amalgamated company is being provided by MSolar.

On September 30, 2013, MSolar completed a merger with MN resulting in MSolar owning all of the issued and outstanding securities of MN. Under the amalgamation, each shareholder of record of Newlox as at June 29, 2013 entitled to receive shares of MN received one share of Company for each one share they are entitled to receive of MN. Under the amalgamation, each shareholder of record of MSolar as at September 30, 2013 received one share of the Company for every one common share of MSolar held by the shareholder.

On October 14, 2013, under the Amalgamation, the Company issued 18,000,000 new common shares to the shareholders of MSolar and 1,999,997 common shares to former shareholders of MN.

The success of the Company is dependent upon certain factors that may be beyond management's control, such as political, currency, and liquidity risk. If the Company is unable to fund its investments or otherwise fails to invest in an active business, its business, financial condition or results of operations could be materially and adversely affected.

For the nine months period ended December 31, 2013, the Company incurred a loss of $147,484 which raises significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue its operation, as intended is dependent on its ability to obtain necessary financing and raise sufficient capital to cover its marketing and other costs.

Basis of Discussion & Analysis

This management discussion and analysis (the "Annual MD&A") is dated as of February 24, 2014 and should be read in conjunction with the condensed interim financial statements of the Company for the nine months period ended December 31, 2013 (the "Interim December 31, 2013 Statement") and the audited financial statements as at March 31, 2013 and the period from the date of incorporation on March 15, 2013 to March 31, 2013 (the "Audited Financial Statements").

Our discussion in this MD&A is based on the Interim December 31, 2013 Statement. The Audited Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). These financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"), and as such do not include all of the information required for full annual financial statements. Unless expressly stated otherwise, all financial information is presented in Canadian dollars.

All statements other than statements of historical fact in this Interim MD&A are forward-looking statements. These statements represent the Company's intentions, plans, expectations and beliefs as of the date hereof, and are subject to risks, uncertainties and other factors of which many are beyond the control of the Company. These factors could cause actual results to differ materially from such forward-looking statements. Readers should not place undue reliance on these forward-looking statements. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

Significant Accounting Policies

a. Measurement basis

The condensed interim financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in paragraphs (k & l). In addition, the financial statements have been prepared using the accrual basis of accounting.

b. Significant accounting estimates and judgments

The preparation of these condensed interim financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed interim financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could 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 future periods affected.

Significant accounts that require estimates as the basis for determining the stated amounts include accrued liabilities and deferred income taxes. Significant judgments include the determination of categories of financial assets and financial liabilities identified as financial instruments, which involves judgments or assessments made by management; and the determination of whether it is likely that future taxable profits will be available to utilize against any deferred tax assets.

c. Impairment

Non-financial assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. For the purposes of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit"). An impairment loss is recognized if the carrying amount of a cash-generating unit exceeds its estimated recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit of loss for the period. For an asset that does not generate largely independent cash

inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Impairment loss recognized in prior years is assessed at each reporting date for any indications that the loss has decreased or no longer exists. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net income (loss) and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net income (loss).

d. Cash

Cash is comprised of cash in banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

e. Share-based payment

The Company's stock option plan allows employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date and each tranche is recognized on a graded basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

f. Deferred financing costs

Professional, consulting and regulatory fees as well as other costs directly attributable to financing transaction are reported as deferred financing costs until the transactions are completed, if the completion of the transaction is considered to be more likely than not. Share issuance costs are charged to share capital when the related shares are issued. Costs relating to financing transactions that are not completed, or for which successful completion is considered unlikely, are charged to operation.

g. Loss per share

The Company presents basic and diluted loss per share date for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

h. Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income tax are recorded using the liability method whereby deferred tax is recognized in respect to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they are reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

i. Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit. Other comprehensive income consists of changes to unrealized gain and losses on available for sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period. Comprehensive income measures net earnings for the period plus other comprehensive income. Amounts

reported as other comprehensive income are accumulated in a separate component of equity as Accumulated Other Comprehensive Income. The Company has not had other comprehensive income since inception.

j. Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. As at December 31, 2013, the Company has not recorded any provisions.

k. Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss (“FVTPL”).

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company has not classified any financial assets as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. At December 31, 2013, the Company has not classified any financial assets as loans and receivables held to maturity, or as available for sale.

Transactions costs associated with FVTPL financial assets are expenses as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount for the asset.

l. Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company’s accounts payable are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVPTL are recognized in earnings. At December 31, 2013, the Company has not classified any financial liabilities as FVTPL.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

m. New accounting standards issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

The following standard will be effective for annual periods beginning on or after January 1, 2014:

IFRS 10 *Consolidated Financial Statements* - IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation – Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements.*

IFRS 12 *Disclosure of Interests in Other Entities* – IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

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

IAS 32 – *Financial Instruments : Presentation* – In December 2011, the IASB issued an amendment to clarify the meaning of the offsetting criterion and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. Earlier application is permitted when applied with corresponding amendment to IFRS 7.

The following standard will be effective for annual periods beginning on or after January 1, 2015:

IFRS 9 – *Financial Instruments* – In November 2009, as part of the IASB project to replace IAS 39 *Financial Instruments: Recognition and Measurement*, the IASB issued the first phase of IFRS 9 *Financial Instruments*, which introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities.

The extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not been determined.

THE COMPANY AND BUSINESS

On March 22, 2013, MSolar entered into the MSolar LOI, pursuant to which MSolar would enter into an Amalgamation Agreement with Newlox, a public reporting company listed on the Canadian National Stock Exchange (symbol: LUX). Pursuant to the Amalgamation Agreement, shares of the Company issued and outstanding would be exchanged on a one-to-one basis for shares of the Amalco, whereas Newlox will be issued the number of Newlox shares held by the Newlox shareholder at the close of business on June 29, 2013 multiplied by the conversion factor of giving approximately 1 share of MN for every 6.68 shares of Newlox held. Accordingly Newlox will distribute approximately 2,000,000 of the Company's Shares to the shareholders of Newlox.

Newlox assigned the MSolar LOI entered into with the Company to MN, a company incorporated on May 3, 2013 and is a wholly owned subsidiary of Newlox. On June 25, 2013 the Company and MN entered into an Arrangement. Pursuant to the Arrangement, Newlox will transfer to MN all of Newlox's interest in the MSolar LOI in exchange for the same number of MN shares as the issued and outstanding number of Newlox shares multiplied by the conversion factor of 0.14973522 giving approximately 2,000,000 shares which shares will be distributed to the Newlox shareholders who hold Newlox shares at the close of business on June 29, 2013.

On July 30, 2013, Newlox shareholders approved the Arrangement to spin off. The Arrangement was approved by the Supreme Court of British Columbia on August 6, 2013 and the effective date of filing the Arrangement under the BC Company Act would be September 30, 2013.

On September 30, 2013, MSolar completed a merger with MN resulting in MSolar owning all of the issued and outstanding securities of MN. Under the amalgamation, each shareholder of record of Newlox as at June 29, 2013 entitled to receive shares of MN received one share of Company for each one share they are entitled to receive of MN. Under the amalgamation, each shareholder of record of MSolar as at September 30, 2013 received one share of the Company for every one common share of MSolar held by the shareholder.

On October 14, 2013, under the Amalgamation, the Company issued 18,000,000 new common shares to the shareholders of MSolar and 1,999,997 common shares to former shareholders of MN.

On March 23, 2013, MSolar entered into Minghui LOI to enter into a TTA to acquire the right to use and exploit the Minghui Technology. The TTA was executed on April 15, 2013. Pursuant to the TTA,

MSolar was granted by Minghui an irrevocable license to produce, develop, market, sell and/or otherwise distributed the Minghui Technology. The TTA is limited to use and exploitation worldwide, with the exception of China. Pursuant to the TTA, Minghui was issued 9,750,000 MSolar Shares.

When Minghui's Technology – solar plates – are mounted on walls or roof tops and combined with the buildings existing radiation appliances, high-efficient energy storage devices are coupled with our multi-source heat pump technology. We create a fully integrated energy-saving heating and cooling solution. We use multiple renewable energy sources (such as ground-source heat, water-source heat, industrial waste heat and rich deep geothermal energy) which allow our solutions to be composed of a variety of renewable energy systems and resources and means we can provide very flexible solutions.

SELECTED ANNUAL INFORMATION

RESULTS OF OPERATIONS AND SUMMARY OF QUARTERLY RESULTS

	For the Nine Months ended December 31, 2013 $	For the Period from Incorporation March 15, 2013 to March 31, 2013 $
Operating Expenses		
Accounting and legal fees	93,724	18,841
Agency and stock transfer fees	5,365	-
Consulting fees	8,039	-
Filing fees	295	-
Listing expenses (Note 7)	39,915	22,471
General office expenses	164	-
	147,502	41,312
Other Income		
Interest income	18	-
Net loss and comprehensive loss	147,484	41,312
Basic and diluted loss per common share	(0.01)	(0.00)
Weighted average number of common shares outstanding	15,687,735	1

The Company has not commenced operations and there were no operations for the period ended December 31, 2013.

Additional disclosure for the venture issuers without significant Revenue

The listing expense of $39,915 includes the fair value of $26,751 assigned to the shares on reverse takeover transaction.

The accounting and legal fees of $93,724 includes legal fees for $87,309, and accounting and audit fees of $6415.

The consulting fee of $8,039 is for business plan.

LIQUIDITY AND CAPITAL RESOURCES

Financial Position

	December 31, 2013 $	For the period ended March 31, 2013 $
ASSETS		
Current Assets		
Cash	105,097	-
GST receivable	3,615	
Total Current Assets	108,712	-
Fixed Assets, Net	656	-
Technology Transfer Agreement	195,000	-
Total Assets	304,368	-
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	1,618	41,311
Total Current Liabilities	1,618	41,311
Shareholder's Advances	18,703	-
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital	472,843	1
Deficit	(188,796)	(41,312)
	284,047	(41,311)
Total Liabilities and Shareholders' Equity	304,368	-

Changes in Cash Position

	For the Nine Months ended December 31, 2013	For the Period from Incorporation March 15, 2013 to March 31, 2013
	$	$
Cash (used in) / provided by:		
Operating activities		
Net loss for the period	(147,484)	(41,312)
Item not affected cash:		
Listing expenses	26,751	-
Change in non-cash working capital Components:		
GST receivable	(3,615)	-
Accounts payable and accrued liabilities	(39,694)	41,311
Shareholder Advances	18,703	-
Cash used in operating activities	(145,339)	(1)
Investing activities		
Property and equipment	(656)	-
Cash used in investing activities	(656)	-
Financing activities		
Share issuance	251,092	-
Cash provided by financing activities	251,092	-
Change in cash	105,097	(1)
Cash, beginning of the period	-	1
Cash, end of the period	105,097	-

The Company has issued a total of 8,510,920 shares of cash totaling $251,092 and a shareholder has provided an additional $18,703.

SELECTED QUARTERLY INFORMATION

RESULTS OF OPERATIONS

	For the Nine Months ended December 31, 2013 $	For the Period from Incorporation March 15, 2013 to March 31, 2013 $
Operating Expenses		
Accounting and legal fees	93,724	18,841
Agency and stock transfer fees	5,365	-
Consulting fees	8,039	-
Filing fees	295	-
Listing expenses (Note 7)	39,915	22,471
General office expenses	164	-
	147,502	41,312
Other Income		
Interest income	18	-
Net loss and comprehensive loss	147,484	41,312
Basic and diluted loss per common share	(0.01)	(0.00)
Weighted average number of common shares outstanding	15,687,735	1

The Company has not commenced operations and there were no operations for the period ended December 31, 2013.

Financial Instruments

The Company's financial instruments consist of cash and payables and accruals; the fair values of which are considered to approximate their carrying value due to their short-term maturities or ability for prompt liquidation.

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

Strategic and operational risks are risks that arise if the Company fails to develop the solar business in Canada under the Minghui Technology Agreement and/or to debt financing in financing the business development. These strategic opportunities or threats arise from a range of factors which might include changing economic and political circumstances and regulatory approvals and competitor actions.

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. The Company is subject to normal industry credit risks. Therefore, the Company believes that there is minimal exposure to credit risk.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2013, the Company had cash of $105,097 and shareholder's advance of $18,703. Management is considering different alternatives to secure adequate debt or equity financing to meet the Company's short term and long term cash requirement.

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is currently immaterial.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than Canadian dollar. As such, the Company's exposure to currency risk is minimal.

Share Capital

Issued and Outstanding:

	Number of Shares	Amount ($)
Common shares issued for cash	8,510,920	251,092
Common shares issued for Technology Transfer	9,750,000	195,000
Common shares issued for Amalgamation	1,999,997	26,751
Balance, December 31, 2013	20,260,917	472,843

As at the date of this report there were no stock options or warrants outstanding.

Future Cash Requirements

The Company's future capital requirements will depend on many factors, including, among others, cash flow from operations. Should the Company pursue other business opportunities, the Company may need to raise additional funds through debt or equity financing. If additional funds are raised through the issuance of equity securities, the percentage ownership of current shareholders will be reduced and such equity securities may have rights, preferences, or privileges senior to those of the holders of the Company's common stock. No assurance can be given that additional financing will be available, or that it can be obtained on terms acceptable to the Company and its shareholders. Accordingly, the Company is investigating various business opportunities that ideally will increase the Company's positive cash flow.

RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. There were no related party transactions or balances during the period.

The President and Shareholder of the Company has advanced $44,795 towards working capital with no terms for repayment except for agreement to convert at least $10,000 of the advance into shares of the Company at $.10 per share, determined by independent members of the board to be a reasonable arm length price. On December 19, 2013, the Company convert $26,092 of the portion of the shareholder's advance in exchange for 260,920 common shares. The balance of the shareholder's advance is $18,703 as of December 31, 2013.

There was no key management remuneration or payroll paid during the period

RISKS AND UNCERTAINTIES

<u>Start Up Venture</u>

As a start up venture the Company's prospects are affected by the risks, expenses, and difficulties frequently encountered by companies in the growth stage, particularly companies in highly competitively markets. As an early growth-stage company, the risks faced by BC518 include, but are not limited to, evolving and unpredictable business models and growth management. To address these risks, the Company must, among other things, expand its customer base, implement and successfully execute its business and marketing strategy, continue to develop and upgrade its processes and technology, provide superior service to customers, respond to competitive developments, and attract, retain, and motivate qualified personnel. There is no assurance that it will be profitable in the future.

The success of the Company is dependent upon certain factors that may be beyond the Company's control. If the Company is unable to fund any such investment required to advance the business under the Minghui Technology agreement or otherwise fails to invest in new technology or obtain adequate sales, then financial condition or results of operations could be materially and adversely affected.

<u>Conflicts of Interest</u>

Certain of the directors of the Company also serve as directors and/or officers of other companies involved in operations that may be related to the business the Company enters into. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

ADDITIONAL INFORMATION

Additional information pertaining to the Company is available on the SEDAR website at www.sedar.com.