

**Hoshi Resource Corp.**  
**(A Capital Pool Company)**  
Management Discussion and Analysis  
*For the nine months ended September 30, 2024*

**FORM 51-102F1**

*The following management discussion and analysis ("MD&A") should be read in conjunction with the Corporation's Unaudited Interim Condensed Financial Statements and notes thereto for the period ended September 30, 2024. Additional information relating to the Corporation is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).*

This MD&A was prepared by the management of Hoshi Resource Corp. (the "Corporation") and was approved by the Board of Directors on November 8, 2024. All amounts are in Canadian dollars unless otherwise stated.

**Forward-Looking Statements**

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", used by any of the Corporation's management, are intended to identify forward-looking statements. Such statements reflect the Corporation's forecasts, estimates and expectations, as they relate to the Corporation's current views based on their experience and expertise with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Corporation's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Corporation does not intend, and does not assume any obligation to, update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments unless required by applicable securities law.

**Description of the Business**

The Corporation was incorporated on March 1, 2021, by Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (Alberta). The Corporation is classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange (the "TSXV" or the "Exchange"). The principal business of the Corporation is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising of an option or by any concomitant transaction. The purpose of such an acquisition is to satisfy the related conditions of a qualifying transaction under the Exchange rules. The Corporation's common shares trade on the TSXV under the symbol HRC.

The head office is located at 700, 903 – 8<sup>th</sup> Avenue SW, Calgary, Alberta T2P 0P7 and the registered office of the Corporation is located at 800, 333 – 7<sup>th</sup> Avenue SW, Calgary, Alberta T2P 2Z1.

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Corporation to fund its potential future operations and commitments is dependent upon the ability of the Corporation to obtain additional financing.

**Selected Financial Information**

December 31 is the date of the Corporation's fiscal year end.

The following selected financial data is derived from the financial statements of the Corporation prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards applicable to the preparation of interim financial statements, including IAS 34.

**Hoshi Resource Corp.**  
**Management Discussion and Analysis**  
*For the nine months ended September 30, 2024*

**Statement of Financial Position Data**

		September 30, 2024		September 30, 2023
Net working capital	\$	299,975	\$	320,893
Total current assets	\$	303,038	\$	321,921
Total current liabilities	\$	3,063	\$	1,028
Total shareholders' equity	\$	299,975	\$	320,893

**Selected Statement of Operations Data**

		Three months ended September 30, 2024		September 30, 2023		Nine months ended September 30, 2024		September 30, 2023
<b>Expenses</b>								
Professional fees	\$	-	\$	-	\$	1,132	\$	697
General and administrative		2,455		99		11,461		9,766
<b>Total expenses</b>	\$	2,455	\$	99	\$	12,593	\$	10,463
<b>Net and Comprehensive Loss</b>	\$	(2,455)	\$	(99)	\$	(12,593)	\$	(10,463)
<b>Net income (loss) per share - basic and diluted</b>	\$	(0.00)	\$	(0.00)	\$	(0.00)	\$	(0.00)
<b>Weighted average number of shares outstanding</b>		6,600,000		6,600,000		6,600,000		6,600,000
<b>Net of 3,600,000 shares held in escrow</b>		3,000,000		3,000,000		3,000,000		3,000,000

The Corporation does not have any operations and will not conduct any business other than the identification and evaluation of business and assets for potential acquisition.

**Escrow**

The 3,600,000 common shares issued at \$0.05 per share are held in escrow until completion of a Qualifying Transaction. 25% of these common shares will be released on the issuance of the Final Exchange Bulletin and an additional 25% will be released on each 6-month anniversary from the initial release.

These common shares, which are considered contingently issuable until the Corporation completes a Qualifying Transaction, are not considered to be outstanding for the purpose of the loss per share calculation.

**Share Capital**

*Issued:*

Common shares

	Number of Shares	- \$ Cdn -
As at December 31, 2022 and 2023	6,600,000	406,229
At September 30, 2024	6,600,000	406,229

**Hoshi Resource Corp.**  
**Management Discussion and Analysis**  
*For the nine months ended September 30, 2024*

---

**Share Issuance**

On February 8, 2022, the Corporation completed its initial public offering and raised gross proceeds of \$300,000 pursuant to an amended and restated final prospectus dated November 13, 2021. A total of 3,000,000 common shares in the capital of the Corporation (the "Common Shares") were subscribed for at a price of \$0.10 per share. PI Financial Corp. (the "Agent") acted as the agent for the Offering. The Agent received a cash commission equal to 10% of the gross proceeds of the Offering, a corporate finance fee and non-transferable options to purchase up to 300,000 Common Shares at a price of \$0.10 per share for a period of two years from the date the Common Shares are first listed on the Exchange.

The Corporation now has 6,600,000 Common Shares issued and outstanding, with the directors, officers and seed shareholders of the Corporation, in aggregate, holding 3,600,000 Common Shares which are subject to escrow restrictions.

**Share-based payments**

The Corporation has adopted an incentive stock option plan (the "Plan") which provides that the Board of Directors of the Corporation may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers and technical consultants to the Corporation and Eligible Charitable Organizations, non-transferable options to purchase common shares ("Options"), provided that the aggregate number of Common Shares issuable pursuant to Options granted to insiders (as a group) pursuant to this Plan may not exceed 10% of the Corporation's total issued and outstanding Common Shares at any point in time, unless disinterested shareholder approval is obtained and that the exercise period does not exceed 10 years from the date of grant.

The number of Common Shares issuable to any individual director or officer will not exceed 5% of the issued and outstanding Common Shares as at the date of grant of such option. The number of Common Shares issuable at any given time to all technical consultants in aggregate will not exceed 2% of the issued and outstanding Common Shares as at the date of grant of such option.

On February 8, 2022, in addition to the 300,000 Agent options which expire February 8, 2024, the Corporation issued to its directors and officers an aggregate of 660,000 options to purchase 660,000 Common Shares at an exercise price of \$0.10 per share, expiring February 8, 2032.

The Black-Scholes option pricing model was used to estimate the fair value of options on the date of grant using the following assumptions:

	<b>Expiry (year)</b>	<b>Risk-free interest rate (%)</b>	<b>Expected life (years)</b>	<b>Expected dividend yield (%)</b>	<b>Expected volatility (%)</b>	<b>Forfeiture Rate (%)</b>
Director Options	2032	1.81	10	0.0	120	0.0
Agent Options	2024	1.28	2	0.0	120	0.0

The fair value of the director options granted of \$62,519 is included in share-based compensation expense on the statement of net loss and comprehensive loss. The fair value of the agent options granted of \$18,267 is included in share issuance costs. The Agent non-transferable options expired on February 7, 2024.

<b>Options Exercisable</b>	<b>(#)</b>	<b>Weighted average exercise price (\$)</b>
As at December 31, 2022 and 2023		
Issued to directors and officers	660,000	0.10
At September 30, 2024	660,000	0.10

### **Liquidity, Capital Resources, and Outlook**

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they come due. As at September 30, 2024, the Corporation has cash of \$303,038 to satisfy obligations of \$3,063 as they come due, as such, is not exposed to significant liquidity risk. Management believes that it has sufficient cash to meet its ongoing obligations and sufficient resources to be able to identify, evaluate and complete a Qualifying Transaction.

### **Off-Balance Sheet Arrangements**

There are no off-balance sheet arrangements as at September 30, 2024.

### **Critical Accounting Estimates and Policies**

The Corporation's significant accounting policies and the adoption of new accounting policies are disclosed in the Unaudited Interim Financial Statements for the three and nine months ended September 30, 2024.

### **Financial Instruments and Other Instruments**

The Corporation's financial instruments consist of cash and accounts payable and accrued liabilities. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the fair value of these financial instruments approximates their carrying values, as applicable.

### **Risks and Uncertainties**

The Corporation has a limited history of existence. There can be no assurance that a Qualifying Transaction will be completed. Equity or debt financing may be required to complete a Qualifying Transaction. There can be no assurance that the Corporation will be able to obtain adequate financing to continue. The securities of the Corporation should be considered a highly speculative investment. The following risk factors should be given special consideration when evaluating an investment in any of the Corporation's securities:

- a) until completion of a Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions;
- b) the Corporation has had no business activity and has not acquired any material assets since its incorporation other than cash;
- c) the Corporation does not have a history of earnings, nor has it paid any dividends and will not generate earnings or pay dividends until at least after the completion of the Qualifying Transaction;
- d) the Corporation has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Corporation will be able to identify a suitable Qualifying Transaction;
- e) even if a proposed Qualifying Transaction is identified, there can be no assurance that the Corporation will be able to successfully complete the transaction;
- f) the Qualifying Transaction may be financed in all or part by the issuance of additional securities by the Corporation and this may result in further dilution to the investor, which dilution may be significant, and which may also result in a change of control of the Corporation;
- g) there can be no assurance that an active and liquid market for the Common Shares will develop, and an investor may find it difficult to resell its Common Shares;

h) the Corporation competes with other Capital Pool Companies that are seeking suitable Qualifying Transactions. In addition, other Capital Pool Companies may have substantially greater financial and technical resources than the Corporation.

**Related Party Transactions**

Key management personnel consist of officers and directors of the Corporation. No compensation was paid to key management personnel during the current period. Transactions with related parties are incurred in the normal course of business and initially measured at fair value.

**Other Information**

The policies of the Exchange prohibit Capital Pool Companies from carrying on formal investor relations activities. Corporate communications and investor inquiries are handled by the Directors of the Corporation. Additional information about the Corporation is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

**CONTACT**

Head Office  
Hoshi Resource Corp.  
700, 903 – 8<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 0P7  
Tel: (403) 617-9169  
E-Mail: [hoshiresource@gmail.com](mailto:hoshiresource@gmail.com)

**DIRECTORS**

Kevin R. Baker KC.  
Al J. Kroontje  
John Aihoshi  
Alex Watson

**AUDITORS**

MNP LLP  
Calgary, Alberta

**BANKERS**

Alberta Treasury Branch  
Calgary, Alberta

**LEGAL COUNSEL**

DS Lawyers Canada LLP  
Calgary, Alberta