

**Quartet Resources Limited**  
Management Discussion and Analysis  
*Three and Six Months Ended December 31, 2014*

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**FORM 51-102F1**

*The following management's discussion and analysis ("MD&A") should be read in conjunction with the Company's financial statements and notes thereto for the three and six months ended December 31, 2014. Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).*

This MD&A was prepared by management of Quartet Resources Limited ("the Company"), and was approved by the Board of Directors on March 2, 2015. 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 Company's management, are intended to identify forward-looking statements. Such statements reflect the Company's forecasts, estimates and expectations, as they relate to the Company'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 Company'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 Company 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 law.

**Description of the Business**

The Company was incorporated under the laws of Hong Kong on August 4, 2011 with the intent to being classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange") corporate finance manual. The Company has no assets other than cash. The Company proposes to identify and evaluate potential acquisitions or businesses, and once identified and evaluated, to negotiate an acquisition or participation subject to regulatory and, if required, shareholders' approval. The Corporation failed to complete its qualifying transaction in accordance with the Exchange policies within two years, which resulted in its transfer to the NEX board of the Exchange and 200,000 agent's options and 3,550,000 Seed Shares (as defined in the policies of the Exchange) held by directors being cancelled.

The Company operates from its primary office in Hong Kong. Its registered head office is located at Rooms 1307-8, Dominion Centre, 43-59 Queen's Road East, Wanchai, Hong Kong.

**Selected Financial Information**

The Company was incorporated in Hong Kong on August 4, 2011 and June 30 is the date of its fiscal year end.

The following selected financial data is derived from the financial statements of the Company 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.

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Selected Statement of Financial Position Data

	<u>As at December 31, 2014</u>	<u>As at June 30, 2014</u>
Net working capital	\$395,200	\$463,414
Total current assets	\$442,212	\$478,655
Total current liabilities	<u>\$ 47,012</u>	<u>\$ 15,241</u>
Total shareholders' equity	\$395,200	\$463,414

Selected Statement of Operations Data

	<u>Three Months Ended December 31, 2013</u>	<u>Six Months Ended December 31, 2013</u>
Expenses	\$(65,303)	\$(68,214)
Net loss for the period	\$(65,303)	\$(68,214)
Basic loss per share	\$ (0.03)	\$ (0.03)

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

During the three and six months ended December 31, 2014, the Company recorded a net loss of \$68,214 consisting largely of fees of the transfer agent, travel, professional fees and sundry expenses.

**Liquidity, Capital Resources, and Outlook**

As at December 31, 2014, the Company had working capital of \$395,200 and cash of \$442,212. Management believes that it has sufficient cash to meet its ongoing obligations and its objective of completing a Qualifying Transaction. However, additional equity or debt financing may be required to complete a Qualifying Transaction.

There can be no assurance that the Company will be able to obtain adequate financing to complete a Qualifying Transaction.

**Off-Balance Sheet Arrangements**

There are no off-balance sheet arrangements as at December 31, 2014.

**Critical Accounting Estimates and Policies**

The Company's significant accounting policies and the adoption of new accounting policies are disclosed in the unaudited interim financial statements for the three and six months ended December 31, 2014.

**Financial Instruments and Other Instruments**

The Company's financial instruments consist of cash and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks

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arising from these financial instruments and that the fair value of these financial instruments approximates their carrying values, as applicable.

**Disclosure of Outstanding Share Data**

As at the date of this MD&A, the following is a description of the outstanding equity securities and convertible securities previously issued by the Company:

	<u>Authorized</u>	<u>Outstanding</u>
Voting or equity securities issued and outstanding	Unlimited Ordinary Shares	8,150,000 Ordinary Shares
Securities convertible or exercisable into voting or equity securities – stock options	Directors' and officers' stock options to acquire up to 10% of the issued and outstanding ordinary shares	Directors' and officers' stock options to acquire up to 1,170,000 ordinary shares at an exercise price of \$0.10 per ordinary share
Voting or equity securities issuable on conversion or exchange of outstanding securities	as above	as above

**Risks and Uncertainties**

The Company 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 Company will be able to obtain adequate financing to continue. The securities of the Company should be considered a highly speculative investment. The following risk factors should be given special consideration when evaluating an investment in any of the Company's securities:

- a) until completion of a Qualifying Transaction, the Company is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions;
- b) the Company has had no business activity and has not acquired any material assets since its incorporation other than cash;
- c) the Company 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 Company has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Company 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 Company 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 Company 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 Company;
- g) there can be no assurance that an active and liquid market for the ordinary shares will develop and an investor may find it difficult to resell its ordinary shares;
- h) if the Company fails to complete a Qualifying Transaction within 24 months of listing, the TSX Venture Exchange could suspend or delist the ordinary shares of the Company and an interim cease trade order may be issued against the Company's securities by an applicable securities commission if its ordinary shares are suspended from trading on or delisted from the TSX Venture Exchange or otherwise; and
- i) the Company competes with many 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 Company.

#### **Related Party Transactions**

Transactions with related parties are incurred in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and approved by the related parties. There were no related party transaction in the period ending December 31, 2014.

#### **Other Information**

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