

**Hoshi Resource Corp.**  
**(A Capital Pool Company)**  
Management Discussion and Analysis  
*For the period from March 1, 2021*  
*(date of incorporation) to June 30, 2021*

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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 Unaudited Interim Condensed Financial Statements and notes thereto for the period ended June 30, 2021. 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 Hoshi Resource Corp. ("the Company") and was approved by the Board of Directors on August 27, 2021. 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 applicable securities law.

**Description of the Business**

The Company was incorporated on March 1, 2021, by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (Alberta). The Company is 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 Company's registered head office is located at 900, 903 – 8<sup>th</sup> Avenue S.W., Calgary, AB, T2P 0P7.

**Selected Financial Information**

December 31 is the date of the Company's 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**

|                            | <b>June 30, 2021</b> |
|----------------------------|----------------------|
| Net working capital        | \$ 156,292           |
| Total current assets       | \$ 162,792           |
| Total current liabilities  | \$ 6,500             |
| Total shareholders' equity | \$ 156,292           |

**Selected Statement of Operations Data**

|                                               | <b>Three months ended<br/>June 30, 2021</b> | <b>Four months ended<br/>June 30, 2021</b> |
|-----------------------------------------------|---------------------------------------------|--------------------------------------------|
| <b>Expenses</b>                               |                                             |                                            |
| Professional fees                             | \$ 23,450                                   | \$ 23,450                                  |
| General and administrative                    | 66                                          | 225                                        |
| <b>Net loss and comprehensive loss</b>        | <b>\$ 23,516</b>                            | <b>\$ 23,675</b>                           |
| <b>Loss per share</b>                         |                                             |                                            |
| Basic and diluted                             | \$ (0.01)                                   | \$ (0.01)                                  |
| Weighted average number of shares outstanding | 2,940,659                                   | 2,940,659                                  |

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.

**Share Capital**

*Issued:*

Common Shares

|                            | <b>Number of Shares</b> | <b>\$</b>      |
|----------------------------|-------------------------|----------------|
| Issued at incorporation    | -                       | -              |
| Issued at \$0.05 per share | <b>3,600,000</b>        | <b>180,000</b> |
| As at June 30, 2021        | <b>3,600,000</b>        | <b>180,000</b> |

Upon completion of the Company's initial public offering (Note 11), all common shares issued will be 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 Company completes a Qualifying Transaction, are not considered to be outstanding for the purpose of the loss per share calculation.

### **Stock Options**

The Company has adopted an incentive stock option plan (the "Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers and technical consultants to the Company and Eligible Charitable Organizations, non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares as at the date of grant of any such option, 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 of the Company 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 of the Company as at the date of grant of such option.

As at June 30, 2021, no stock options have been granted.

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

As at June 30, 2021, the Company had working capital of \$156,292, cash of \$134,242 and liabilities of \$6,500. Management believes that it has sufficient cash to meet its ongoing obligations and sufficient further 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 June 30, 2021.

### **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 four months ended June 30, 2021.

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

### **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;

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- 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 common shares will develop and an investor may find it difficult to resell its common shares;
- h) if the Company fails to complete a Qualifying Transaction within 24 months of listing, the Exchange could suspend or delist the common 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 common shares are suspended from trading on or delisted from the Exchange or otherwise; and
- i) the Company 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 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 transactions during the four months ending June 30, 2021.

#### **Subsequent Event**

The Company is in the process of filing a prospectus with the TSX-V with the intent of completing a public offering of 3,000,000 common shares at a price of \$0.10 per share (the "Offering"). The Company entered into an agreement with PI Financial Corp. (the "Agent"), whereby the Company will pay an corporate finance fee of \$10,000 plus applicable taxes, reimburse for Agent's expenditures related to the offering, and commission equal to 10% of the total proceeds raised in the Offering. In addition, the Company will grant the Agent options (the "Agent's Options") in an amount equal to 10% of the common shares issued pursuant to the Offering. The Agent's Options will be exercisable at a price of \$0.10 per common share and may be exercised for a period expiring 24 months from the date of listing. The completion of the listing and the offering are subject to the Company fulfilling and meeting the requirements of the TSX-V. As at June 30, 2021, total cost incurred in association with the proposed Offering was \$25,500.

In conjunction with closing of the offering, the Company will grant 660,000 options under the Company's stock option plan to directors and officers of the Company. The options, which vest immediately, may be exercised at a price of \$0.10 per common share for a period of ten years from the date of the agreement

#### **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 Company. Additional information about the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

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**CONTACT**

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**AUDITORS**

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**LEGAL COUNCEL**

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