

Hoshi Resource Corp.
(A Capital Pool Company)

Management's Discussion and Analysis
For the year ended December 31, 2023

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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 Audited Financial Statements and notes thereto for the years ended December 31, 2023 and 2022. Additional information relating to the Company is available on SEDAR+ at www.sedarplus.ca.

This MD&A was prepared by management of Hoshi Resource Corp. (the "Company") and was approved by the Board of Directors on March 27, 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 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 ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Company 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 head office is located at 700, 903 – 8th Avenue SW, Calgary, Alberta T2P 0P7 and the registered office of the Company is located at 800, 333 – 7th Avenue SW, Calgary, AB, T2P 2Z1.

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.

	Twelve months ended	
	December 31,	
	2023	2022
Net loss and comprehensive gain (loss)	\$ (18,788)	\$ (97,819)
Net working capital	\$ 312,568	\$ 331,356
Total current assets	\$ 321,822	\$ 340,448
Total non-current liabilities	\$ -	\$ -
Total current liabilities	\$ 9,254	\$ 9,092
Total shareholders' equity	\$ 312,568	\$ 331,356

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Selected Statement of Operations Data

	Three months ended December 31,		Twelve months ended December 31,	
	2023	2022	2023	2022
Expenses				
Professional fees	\$ 66	\$ 23,450	\$ 763	\$ 10,940
General and administrative	8,259	66	18,025	24,360
Share-based compensation	-	-	-	62,519
Total expenses	\$ 8,325	\$ 23,516	\$ 18,788	\$ 97,819
Loss and Comprehensive Loss	\$ (8,325)	\$ (23,516)	\$ (18,788)	\$ (97,819)
Net loss per share - basic and diluted	\$ 0.00	\$ (0.00)	\$ (0.00)	\$ (0.04)
Weighted average number of shares outstanding	6,279,452	2,808,791	6,600,000	6,279,452

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

	Number of Shares	- \$ Cdn -
As at December 31, 2021	3,600,000	180,000
Issued at \$0.10 per share	3,000,000	300,000
Share issuance costs	-	(73,771)
At December 31, 2022 and 2023	6,600,000	406,229

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 Company completes a Qualifying Transaction, are not considered to be outstanding for the purpose of the loss per share calculation.

Share Issuance

On February 8, 2022, the Company 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 Company were subscribed for at a price of \$0.10 per common 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 of the Company at a price of \$0.10 per common share (the "Agent's Option") for a period of two years from the date that the common shares are first listed on the Exchange.

The Company now has 6,600,000 common shares issued and outstanding. The directors, officers, and seed shareholders of the Company, holding 3,600,000 common shares in aggregate which are all subject to escrow restrictions. Certain new IFRS standards and interpretations have been issued but are not shown as they are not expected to have a material impact on the Company's financial statements.

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Share-based payments

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 ("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 Company'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 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 and persons engaged to conduct Investor Relations Activities, in aggregate will not exceed 2% of the issued and outstanding common shares of the Company in any 12-month period as at the date of grant of such option.

On February 8, 2022, in addition to the 300,000 Agent options, the Company 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 common share which expire on 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:

	Expiry	Risk-free interest rate	Expected life	Expected dividend yield	Expected volatility	Forfeiture Rate
	(year)	(%)	(years)	(%)	(%)	(%)
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 options granted of \$62,519 is included in share-based compensation expense on the statement of net loss and comprehensive loss during the year ended December 31, 2022. No new share-based payments were issued in fiscal 2023.

Options Exercisable	(#)	Weighted average exercise price (\$)
As at December 31, 2021	-	-
Issued to directors and officers	660,000	0.10
At December 31, 2022 and 2023	660,000	0.10

Agent Options Exercisable	(#)	Weighted average exercise price (\$)
As at December 31, 2021	-	-
Issued to agents	300,000	0.10
At December 31, 2022 and 2023	300,000	0.10

Liquidity, Capital Resources, and Outlook

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. As at December 31, 2023, the Company has cash of \$321,822 to satisfy obligations of \$9,254 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 were no off-balance sheet arrangements as at December 31, 2023 and 2022.

Critical Accounting Estimates and Policies

The Company's significant accounting policies and the adoption of new accounting policies are disclosed in the Audited Financial Statements for the three and twelve months ended December 31, 2023 and 2022.

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;
- 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) 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

Key management personnel consist of officers and directors of the Company. No compensation was paid to key management personnel during the current period.

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.sedarplus.ca.

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CONTACT

Head Office
Hoshi Resource Corp.
700, 903 – 8th 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 Bank
Calgary, Alberta

LEGAL COUNSEL

DS Lawyers Canada LLP
Calgary, Alberta