

HANSTONE CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the nine months ended September 30, 2019

INTRODUCTION

The information in this Management's Discussion and Analysis ("MD&A") is intended to assist the reader in the understanding and assessment of the trends and significant changes in the results of operations and financial conditions of Hanstone Capital Corp. (the "Company" or "Hanstone"). This MD&A should be read in conjunction with the audited financial statements of the Company for the period ended December 31, 2018 and the unaudited condensed interim financial statements for the nine months ended September 30, 2019, and other information relating to the Company on file with the Canadian provincial securities regulatory authorities on SEDAR at www.sedar.com. The Company's initial financial statements and interim financial statements for the periods ended December 31, 2018 and for the nine months ended September 30, 2019, respectively, have been prepared in accordance with International Financial Reporting Standards ("IFRS").

This MD&A contains forward-looking statements. Please refer to the cautionary language at the end of this document.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations. The Company is currently engaged in exploration and development of mineral properties and does not have any source of revenue or operating assets. The recoverability of the amounts shown for mineral properties is dependent upon the ability of the Company to obtain necessary financing to complete exploration, technical studies and, if warranted, development and future profitable production or proceeds from the disposition of properties.

This MD&A has taken into account information available up to and including November 28, 2019.

Hanstone was incorporated under the Business Corporations Act (British Columbia) on October 11, 2018.

The principal business of the Company is the identification and evaluation of assets or businesses with a view to completing a qualifying transaction under the auspices of the Capital Pool Company ("CPC") policies of the TSX Venture Exchange. The head office and principal business address of the Company is Suite 600 – 890 West Pender St., Vancouver, BC, V6C 1K4.

The Company is a reporting issuer in British Columbia and Alberta Ontario and trades on the TSX Venture Exchange under the symbol HANS.P.

HIGHLIGHTS AND OUTLOOK

The Company was formed as a CPC in October 2018 and completed a \$150,000 private placement. On April 29, 2019, Hanstone completed a \$300,000 initial public offering and was listed for trading on the TSX Venture Exchange on May 1, 2019. The Company is currently investigating opportunities for the purposes of completing a qualifying transaction.

RESULTS OF OPERATIONS

Nine months ended September 30, 2019

As a CPC with no operating activities or sources of income, the Company incurred net losses as a result of the administrative and regulatory requirements toward becoming a publicly traded company.

The Company incurred a net loss of \$46,368 for the nine months ended September 30, 2019 as it prepared and completed the requirements for an initial public offering and a listing on the TSX Venture Exchange.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of certain consolidated financial information of the Company since its inception:

	September 30, 2019	June 30, 2019	March 31, 2019	October 11, 2018 to December 31, 2018 ⁽²⁾
Revenue ⁽¹⁾	\$ -	\$ -	\$ -	\$ -
Net loss	(849)	(40,065)	(5,454)	(27,770)
Total assets	351,046	351,895	143,453	147,930
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)

Explanatory Notes:

- (1) The Company has no sales revenues.
- (2) From the date of incorporation on October 11, 2018 to December 31, 2018.

The Company completed an initial public offering in the three months ended September 30, 2019 and received a net amount of \$249,484 after expenses of the IPO. The Company incurred \$40,065 in expenses during the quarter, the majority of which were related to completing the Company's listing application with the TSX Venture Exchange.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2019, the Company had current assets and working capital of \$351,046.

The Company had cash of \$351,046 at September 30, 2019. During the nine months ended September 30, 2019, the Company's cash outflows from operations were \$3,286.

The Company had \$249,484 cash provided by financing activities during the nine months ended September 30, 2019, pursuant the completion of an initial public offering which raised \$300,000 in gross proceeds.

As at December 31, 2018, the Company had current assets and working capital of \$147,930, which was comprised of \$98,276 cash and \$49,654 in prepaid expenses and deposits. In October 2018, the Company received \$150,000 from the proceeds of a private placement. During the period from its incorporation on October 11, 2018 to December 31, 2018, the Company's cash outflows from operations were \$2,070 for expenses and \$49,654 for prepaid expenses and deposits related legal, financing and filing fees.

The financial statements have been prepared in accordance with IFRS applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

FINANCIAL INSTRUMENTS

Classification of financial instruments

	Ref.	September 30, 2019	December 31, 2018
		\$	\$
Fair value through profit or loss financial asset	(a)	351,046	147,930
Other financial liabilities		-	-

(a) Comprised of cash at September 30, 2019 and cash and prepaid expenses at December 31, 2019

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Management of Industry and Financial Risk

The Company's financial instruments are exposed to certain financial risks, which include the following:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash. The Company limits exposure to credit risk by maintaining its cash with large financial institutions. The Company does not have cash that is invested in asset backed commercial paper.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at September 30, 2019, the Company had a cash balance of \$351,046 and no liabilities. The Company will need further funding to meet its short-term and long-term cash requirements.

Foreign exchange risk

Foreign currency risk arises from fluctuations in foreign currencies versus the Canadian dollar that could adversely affect reported balances and transactions denominated in those currencies. The Company currently has no assets or liabilities and has no revenue or expenses denominated in a foreign currency, so it is not exposed to foreign currency risk.

Interest rate risk

Interest rate risk arises from changes in market rates of interest that could adversely affect the Company. The Company currently has no interest-bearing financial instruments other than cash, so its exposure to interest rate risk is insignificant.

Equity price risk

Equity price risk arises from market fluctuations in equity prices that could adversely affect the Company's operations. The Company's current exposure to equity price risk is limited to declines in the values and volumes including those of its own shares, which could impede its ability to raise additional funds when required.

Capital management

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at September 30, 2019, the Company's shareholders' equity totalled \$351,046 and it had no liabilities. The Company's objectives when managing capital are to maintain financial viability and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The Company's current capital was received from the issuance of common shares. The net proceeds raised to date will only be sufficient to identify and evaluate a limited number of assets and businesses for the purpose of identifying and completing a Qualifying Transaction.

The Company is not subject to any externally imposed capital requirements. There were no changes to the Company's approach to capital management during the period ended September 30, 2019.

CHANGES IN ACCOUNTING POLICIES

New Accounting Pronouncements

Effective for annual periods beginning on or after January 1, 2019:

IFRS 16, Leases:

Under IFRS 16, the Company is required to review all its contracts to determine if they contain leases or lease-type arrangements. Virtually all leases are required to be accounted for as finance leases rather than operating leases, where the required lease payments are disclosed as a commitment in the notes to the financial statements. As a result, the Company will be required to recognize leased assets ("right-of-use" assets) and the related lease liability on the statement of financial position.

IFRS 16 is applicable to the Company's annual period beginning on January 1, 2019. Management has assessed that IFRS 16 did not have any effect on the Company's current financial statements, but could have an impact in the future.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements and no long-term debt obligations.

TRANSACTIONS WITH RELATED PARTIES

During the period ended September 30, 2019, there were no fees or payments incurred or paid to any of the directors or officers of the Company.

OUTSTANDING SHARE DATA

The following table shows the Company's share capital data as at September 30, 2019 and as of the date of this MD&A:

	Balance
Common shares issued (at \$0.05 per share)	3,000,000
Common shares issued (at \$0.10 per share)	3,000,000
Stock options (at \$0.10 per share)	600,000
Agent's options (at \$0.10 per share)	300,000
Fully Diluted	6,600,000

As at September 30, 2019, the 3,000,000 common shares were held in escrow, for release over 36 months following the completion of the Company's future Qualifying Transaction.

Future Cash Requirements

The Company's future capital requirements will depend on many factors, including, among others, its ability to earn cash flow from operations. Should the Company wish to pursue current and future business opportunities, additional funding will be required. 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. If adequate funds are not available, the Company may not be able to meet its contractual requirements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The financial statements include judgments and estimates that, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

RISKS AND UNCERTAINTIES

Cyber security risk

Cyber security risk is the risk of negative impact on the operations and financial affairs of the Company due to cyber attacks, destruction or corruption of data, and breaches of its electronic systems. Management believes that it has taken reasonable and adequate steps to mitigate the risk of potential damage to the Company from such risks. The Company also relies on third-party service providers for the storage and processing of various data. A cyber security incident against the Company or its contractors and service providers could result in the loss of business sensitive, confidential or personal information as well as violation of privacy and security laws, litigation and regulatory enforcement and costs. The Company has not experienced any material losses relating to cyber attacks or other information security breaches, however there can be no assurance that it will not incur such losses in the future.

Uninsured Risks

The Company may carry insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include key person insurance as the Company heavily relies on the Company officers.

Conflicts of Interest

Certain directors of the Company also serve as directors and/or officers of other companies involved in other business ventures. 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.

Negative Operating Cash Flows

As the Company is at the early start-up stage it may continue to have negative operating cash flows. Without the injection of further capital and the development of revenue streams from its business, the Company may continue to have negative operating cash flows until it can be sufficiently developed to commercialize.

Risks Related as a Going Concern

The ability of the Company to continue as a going concern is uncertain and dependent upon its ability to achieve profitable operations, obtain additional capital and receive continued support from its shareholders. Management of the Company will have to raise capital through private placements or debt financing and proposes to continue to do so through future private placements and offerings. The outcome of these matters cannot be predicted at this time. However, management believes that the Company has adequate funding to continue operations for the next 12 months.

Reliance on Key Personnel and Advisors

The Company relies heavily on its officers. The loss of their services may have a material adverse effect on the business of the Company. There can be no assurance that one or all of the employees of, and contractors engaged by, the Company will continue in the employ of, or in a consulting capacity to, the Company or that they will not set up competing businesses or accept positions with competitors. There is no guarantee that certain employees of, and contractors to, the Company who have access to confidential information will not disclose the confidential information.

Operating History and Expected Losses

The Company expects to make significant investments in the near future on its acquired assets. As a result, start-up operating losses are expected and such losses may be greater than anticipated, which could have a significant effect on the long-term viability of the Company.

Growth of Management

In executing the Company's business plan for the future, there will be significant pressure on management, operations and technical resources. The Company anticipates that its operating and personnel costs will increase in the future. In order to manage its growth, the Company will have to increase the number of its technical and operational employees and efficiently manage its employees, while at the same time efficiently maintaining a large number of relationships with third parties.

Regulatory Risks

The Company is subject to a number of technological challenges and requirements, and can be subject to the regulations and standards imposed by applicable regulatory agencies. There can be no assurance that the Company will be able to comply with all regulations concerning its businesses.

CORPORATE GOVERNANCE

The Company's Board and its committees follow the recommended corporate governance guidelines for public companies while tailored to its size and operations to ensure transparency and accountability to shareholders. The current Board is comprised of four individuals, two of whom are executive officers of

the Company. The Audit Committee is comprised of three members, two of whom are independent directors and one is the CEO and chairman of the board of the Company.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain statements that may constitute “forward looking statements”. Forward looking statements include but are not limited to, statements regarding future anticipated business developments and the timing thereof, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company’s ability to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

This MD&A includes, but is not limited to, forward-looking statements regarding the Company’s plans to complete a QT and the Company’s ability to meet its working capital needs for the next fiscal year.

Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable securities laws.

FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES

During the period ended September 30, 2019, there has been no significant change in the Company’s internal control over financial reporting since its inception on October 11, 2018.

The management of the Company is responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. Management is also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the Company’s financial statements for the nine months ended September 30, 2019 (together the “Interim Filings”).

The management of the Company has filed the Venture Issuer Basic Certificate with the Annual Filings on SEDAR at www.sedar.com.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers’ Annual and Interim Filings (“NI 52-109”), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (“DC&P”) and internal control over financial reporting (“ICFR”), as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

ADDITIONAL INFORMATION

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