ALSET CAPITAL INC.

FORM 51-102F1

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE-MONTH ENDED JUNE 30, 2023 AND 2022

Introduction

This Management's Discussion and Analysis ("**MD&A**") of Alset Capital Inc. (formerly ProSmart Enterprises Inc) is the responsibility of management and covers the nine-month period ended June 30, 2023. The MD&A takes into account information available up to and including August 25, 2023 and should be read in conjunction with the unaudited condensed interim financial statements for the nine months ended June 30, 2023 and the audited financial statements for the year ended September 30, 2022, which are available on the SEDAR website at www.sedarplus.ca

Throughout this document the terms *we, us, our, and the Company* refer to Alset Capital Inc. All financial information in this document is derived from the financial statements of the Company, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") and is presented in Canadian dollars unless otherwise indicated.

Additional information related to the Company is available for view on SEDAR at www.sedarplus.ca

This document contains forward-looking statements. Please refer to "Note Regarding Forward-Looking Statements." Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors, many of which are beyond our ability to control, that may cause our actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information. Please refer to "Risk Factors" below.

Subsequent to the period ended June 30, 2023, the Board of Directors authorized a 2-for-1 share consolidation. The number of issued and outstanding shares have been retrospectively restated for all periods presented unless otherwise stated.

Description of Business

Alset Capital Inc. the "**Company**" was incorporated under the laws of the State of Nevada on October 29, 1999. On January 27, 2009, the Company was continued from the State of Nevada to the Province of British Columbia under the *Business Corporations Act* (British Columbia). The Company's record office is #1500 - 1055 West Georgia Street Vancouver, BC.

Performance Summary

During the period ended and subsequent to June 30, 2023, the Company:

- Announced approved amendments to the Company's 10% "rolling" share option plan. The amendments were made to reflect recent amendments to TSX Venture Exchange policy 4.4 governing security based compensation. The Option plan, as amended was approved by the Company's shareholders at the annual general meeting held on December 13, 2022. The Option plan will allow the board of directors to grant up to 10% of the outstanding common shares of the Company from time to time. This plan is intended to enable the Company to attract and retain qualified personnel in a competitive marketplace and to encourage equity participation among persons who are directors, officers, employees and consultants of the Company, or its affiliates or who are providing services to the Company or its affiliates.

- Announced the appointment of Mr. Morgan Good as a member of its Board of Directors and as a Chief Executive Officer of the Company. Mr. Good is a Venture Capitalist with nearly 20 years of experience as a capital markets professional focusing in areas of finance, M&A, corporate restructuring & development, as well as marketing. Mr. Good has served on various boards across several sectors and currently acts as President, CEO and director of Carlyle Commodities Corp. The Company's former CEO, Mr. Zelong (Roger) He has resigned from his position as CEO of the Company and will continue to serve as a director of the Company. The Company's Board of Directors would like to thank Mr. He for his commitment and for his contributions as CEO of the Company.

- Announced the appointment of Mr. Leighton Bocking as a member of it's Board of Directors and the resignation of Mr. Cale Thomas as a director. Mr. Bocking has been working in the capital markets for over 18 years and has been particularly focused on financing and structuring companies. He has held various director roles for public companies listed in Canada. In addition, he has worked in Corporate Development capacities at Gold Standard Ventures Corp. and advanced Nevada gold explorer as well as Timmins Gold Corp. (to then Alio Gold Inc.) which merged with Argonaut Gold in 2020.

- Announced the appointment of Ms. Anu Thomas as it's Chief Financial Officer and the resignation of Ms. Stella Chen. Ms. Thomas is currently working as an accountant with Red Fern Consulting Ltd, a company that specializes in providing accounting and consulting services for both private and publicly listed companies. Ms. Thomas completed her Post-Baccalaureate diploma in Accounting from Thompson Rivers University, Kamloops and holds a Bachelors degree in commerce from University of Mumbai.

- Announced the appointment of Mr. Jeremy Hanson as a member of it's Board of Directors. Mr Hanson is a professional geoscientist with over 13 years of experience in Canadian mineral exploration, and a B.Sc. (Hons) with distinction from Simon Fraser University. Mr. Hanson is the founder of Hardline Exploration Corp and the director & VP of Exploration for Garibaldi Resources Corp and Carlyle Commodities Corp., Technical Advisor for Nickel Rock Resources Inc., and Director of the Smithers Exploration Group. In connection with Mr. Hanson's appointment, the Company also announced Mr. Robert Geisthardt's resignation as a director in order to pursue other opportunities.

  The Company's Board of Directors would like to thank Ms Chen, Mr Thomas and Mr Geisthardt for their contributions and wishes them well for their future endeavors.

- Announced its investment policy to contemplate investments across a wide range of diverse industries, including technology, healthcare, industrial and manufacturing. The updated investment policy allows for the investments in the form of debt, equity or equity linked securities. The Company is classified as an investment issuer and intends to restructure it's share capital, outstanding debt, payables and develop its investment business with a view of reactivating on the TSX Venture Exchange.

  The Company acquired common shares ("investment") equal to a 49% ownership stake in Cedarcross International Technologies Inc. ("Cedarcross"). This investment was completed by way of share subscription for total consideration of $210,000. Cedarcross will be the operator of certain revenue generating computing equipment. The Company's investment allows for relatively low-cost access to computing hardware.

- Announced the consolidation of its Common Shares in the capital of the Company on the basis of two (2) pre consolidation shares for every one (1) post consolidation Share effective August 17, 2023 (the "Consolidation").

  The name of the company and trading symbol remain the same after the Consolidation. The Consolidation was approved by the board of directors of the Company, in accordance with the Articles of the Company and began trading on the NEX board of the TSX Venture Exchange on August 17, 2023. The total issued and outstanding number of Shares post- Consolidation are 13,155,972.

COVID-19 Update

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

Summary of Quarterly Results

The following table summarizes the last 8 quarters of the Company.

		June 30, 2023 (Unaudited)		March 31, 2023 (Unaudited)		December 31, 2022 (Unaudited)		September 30, 2022 (audited)
Total Assets	$	357,630	$	371,063	$	419,900	$	442,031
Shareholders' equity		(362,068)		(327,189)		(275,798)		(247,527)
Comprehensive income (loss)		(34,879)		(51,391)		(28,271)		221,587
Basic and diluted loss per share		0.00		0.00		0.00		(0.01)
		June 30, 2022 (Unaudited)		**March 31, 2022 (Unaudited)**		**December 31, 2021 (Unaudited)**		**September 30, 2021 (audited)**
Total Assets	$	443,560	$	444,175	$	469,625	$	14,430
Shareholders' equity		(180,225)		(158,915)		(133,804)		(2,097,283)
Comprehensive income (loss)		(21,310)		(25,111)		(324,148)		(65,690)
Basic and diluted loss per share		(0.00)		(0.00)		(0.02)		(0.02)

The Company incurred minimal expenses due to a low level of activity over the course of the financial year as it does not currently have any significant assets.

Results of operations for the three months ended June 30, 2023 as compared to June 30, 2022

During the three months ended June 30, 2023, the Company incurred a net loss of $34,879 as compared to a loss of $21,310 for the period ended June 30, 2022.

Other significant income statement items are as follows:

- Transfer agent and filing fee expenses were $nil (2022 - $1,392). The fee is related to transfer agent, regulatory, and filing fees in the current year.

- Management and consulting costs were $19,500 (2022 - $4,500). The management fees during the current year increased compared to last year due to change in management.

- Professional fees were $nil (2022 - $220). The fee is related to legal fees and accounting fees during the current year.

- Investor relations fees were $15,000 (2022 - $15,000). The fee is related to market promotions during the current year.

Results of operations for the nine months ended June 30, 2023 as compared to June 30, 2022

During the nine-month ended June 30, 2023, the Company incurred a net loss of $114,541 as compared to a loss of $370,569 for the period ended June 30, 2022.

- Transfer agent and filing fee expenses were $12,260 (2022 - $11,603). The fee is related to transfer agent, regulatory, and filing fees in the current year.

- Management and consulting costs were $38,500 (2022 - $19,500). The company incurred management fees during the current year.

- Professional fees were $10,735 (2022 - $29,512). The fee is related to legal fees and accounting fees during the current year.

- Investor relations fees were $50,000 (2022 - $nil). The fee is related to market promotions during the current year.

- Loss on debt settlement was $nil (2022 - $288,889). The Company settled outstanding debt and accounts payable with shares resulting in a loss on settlement in the current period.

Liquidity

As at June 30, 2023, the Company had a cash balance of $328,926 (September 30, 2022 - 419,520) and a working capital deficit of $362,068 (September 30, 2022 - $247,527), which consisted of current assets of $357,630 (September 30, 2022 - $442,031) and current liabilities of $719,698 (September 30, 2022 - $689,558).

Operating Activities: During the period ended June 30, 2023, the Company had an outflow of $90,594 in operating activities compared to outflow of $197,884 for the period ended June 30, 2022.

Financing Activities: During the period ended June 30, 2023, the Company had an inflow of $nil in financing activities compared to inflow of $621,381 for the period ended June 30, 2022. The Company received $750,003 in private placement funds, less $51,265 in share issuance costs and $77,357 in loan repayments in the comparative period.

Management intends to meet its liabilities by actively pursuing investors.

Related Party Transactions

Key management personnel consist of the officers of the Company and the Company's Board of Directors.

During the nine-month period ended June 30, 2023, the Company paid or accrued management fees of $13,500 (2022 - $19,500) to a company that employs the CFO of the Company.

During the six-month period ended June 30, 2023, the Company paid or accrued consulting fees of $25,000 (2022 - $nil) to a company owned by the CEO of the Company.

As at June 30, 2023, $46,725 (September 30, 2022 - $21,525) is due to related parties and former related parties and included in accounts payable and accrued liabilities.

As at June 30, 2023, $169,860 (September 30, 2022 - $169,860) is due to a company that employs the CFO of the Company.

Outstanding Share Data

As at the date of this report the Company had 13,155,972 common shares issued and outstanding.

As at August 25, 2023, the Company had no incentive stock option outstanding.

As at August 25, 2023, the Company had no share purchase warrants outstanding.

Off-Balance Sheet Arrangements

At June 30, 2023, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

Capital Resources

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns and/or benefits for shareholders.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the administration of its corporate affairs and to provide funds for the development of its business. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management and consultants to sustain future development of the business.

The Company has no revenue generating operations and as such is dependent upon external financings to fund activities. In order to develop its business and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as required.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the size of the Company.

There were no changes in the Company's approach to capital management during the period ended June 30, 2023. The Company is not subject to externally imposed capital requirements.

Financial Instruments

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, due to related parties and short-term loans. The fair value of the Company's receivables, accounts payable and accrued liabilities, short-term loans and due to related parties approximate carrying value, which is the amount recorded on the statements of financial position, due to their short terms to maturity. The Company's other financial instrument, being cash under the fair value hierarchy, is recorded at fair value based on level one quoted prices in active markets for identical assets or liabilities.

Risk Factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

Liquidity risk

The Company's approach to managing liquidity risk is to try and have sufficient liquidity to meet liabilities when due. As at June 30, 2023, the Company had a cash balance of $328,926 (September 30, 2022 - $419,520) to settle current liabilities of $719,698 (September 30, 2022 - $689,558). All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

a) Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash balances. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at June 30, 2023, the Company did not have any investments in investment-grade short-term deposit certificates.

b) Price risk

The Company is exposed to price risk with respect to equity prices. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Significant Accounting Judgements, Estimates and Assumptions

The preparation of financial statements requires management to make estimates about, and apply assumptions or judgment to, future events and other matters that affect the reported amounts of the Company's assets, liabilities, revenues, expenses and related disclosures. Assumptions, estimates and judgments are based on historical experience, expectations, current trends and other factors that management believes to be relevant at the time at which the Company's consolidated financial statements are prepared. The Company's significant accounting judgements, estimates and assumptions are disclosed in Note 3 of the audited financial statements for the year ended September 30, 2022.

Risks and Uncertainties

The following are major risk factors management has identified which relate to the Company's business activities. Such risk factors could materially affect the Company's future financial results and could cause events to differ materially from those described in forward-looking statements relating to the Company. Though the following are major risk factors identified by management, they do not comprise a definitive list of all risk factors related to the Company's business and operations. Other specific risk factors are discussed elsewhere in this MD&A.

Capitalization and Commercial Viability

The Company will require additional funds to continue operations. The Company has limited financial resources, and there is no assurance that additional funding will be available to the Company to carry out the completion of all proposed activities. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the curtailment of operations, liquidation of assets, seeking of additional capital on less favourable terms and/or other remedial measures.

History of Operating Losses

The Company has an accumulated deficit since its incorporation through June 30, 2023 of $25,582,720. The deficit may increase in the near term as the Company continues its product development and establishes sales channels for its new products.

General Economic Conditions

The Company currently operates in Canada, like all global businesses, it has been subject to the impact of the current global credit and financial crisis on consumers in its areas of operations and the discretionary spending available to them. General economic conditions have resulted in reduced consumer and government spending and have impacted the Company's profitability. Should these conditions continue to prevail, there will be further pressure on the Company's profitability.

Future Financings

The Company's continued operation will be dependent in part upon its ability procure additional financing. To date, the Company has done so through a combination of: (i) equity financing; and (ii) cash payments received as property option payments from third parties. The current state of global equity markets has had a direct effect on the ability of exploration companies, including the Company, to finance project acquisition and development through the equity markets. There can be no assurance that forms of financing can be obtained at a future date. Failure to obtain additional financing on a timely basis may cause the Company to postpone development plans, forfeit rights in some or all of the properties or joint ventures, or reduce or terminate some or all of the operations.

Price Volatility of Publicly Traded Securities

During recent months, global securities markets have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur.

Legislative, Insurance, Compliance Costs, Regulatory Action and Environment

To comply with various increasing and complex regulatory reporting and standards involves significant cost. Changes to securities regulatory standards, account policy, and compliance reporting could place an additional expense burden on the Company. Insurers may increase premiums as the Company's business continue to grow so future premiums for the Company's insurance policies, including directors' and officers' insurance policies, could be subject to increase.

Information regarding forward looking statements

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains certain 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" and "believe", are intended to identify forward-looking statements. Such statements reflect the Company's "forecast", "estimate", "expectation" and similar expressions as they relate to the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions.

The forward-looking statements contained in this MD&A are made as of the date hereof and represent the Company's views as of the date of this document. While the Company believes that the expectations reflected in the forward-looking statements and information contained herein are reasonable, no assurance can be given that these expectations, or the assumptions underlying these expectations, will prove to be correct. The Company acknowledges that subsequent events and developments may cause the views expressed herein to change, however, the Company has no intention and undertakes no obligation to update, revise or correct such forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities law. Therefore, there can be no assurance that forward-looking statements contained herein will prove to be accurate as actual results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.