ALSET CAPITAL INC.

FORM 51-102F1

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTH PERIODS ENDED DECEMBER 31, 2023 AND 2022

Introduction

This Management's Discussion and Analysis ("**MD&A**") of Alset Capital Inc. is the responsibility of management and covers the three-month period ended December 31, 2023. The MD&A takes into account information available up to and including February 29, 2024 and should be read in conjunction with the unaudited condensed interim financial statements for the three months ended December 31, 2023 and the audited financial statements for the year ended September 30, 2023, 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.

During the year ended September 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 December 31, 2023, the Company:

- 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 during the three months ended December 31, 2023. Cedarcross will be the operator of certain revenue generating computing equipment. The Company's investment allows for relatively low-cost access to computing hardware.

- The Company completed a non-brokered private placement of 13,112,497 units (the "Units") at a price of $0.03 for gross proceeds of $393,375, of which $34,375 was received in the year ended September 30, 2023, less share issuance costs of $40,581. Each Unit is comprised of one common share in the capital of the Company and one share purchase warrant. Each warrant entitles the holder thereof to acquire one additional share at a price of $0.05 per share for a period of 12 months from the date of closing. No finders' fees were payable in connection with the private placement.

- Concurrent with the non-brokered private placement, the Company completed the offering of unsecured convertible debentures (the "Debentures") in aggregate principal of $188,000. Each Debenture consists of $1,000 in principal and is convertible into units (each, a "Debenture Unit"), at a conversion price of $0.05 per Debenture Unit. Each Debenture Unit consists of one common share and one share purchase warrant (each, a "Debenture Warrant"). Each Debenture Warrant entitles the holder to acquire an additional common share (each, a "Debenture Warrant Share") at a price of $0.05 per Debenture Warrant Share until November 28, 2024. The Debentures will mature on the first anniversary of the date of issuance and bear interest at a rate of 24% per annum, commencing on the date of issuance.

- Announced that it has entered into a share exchange agreement (the "Agreement") between Vertex AI Ventures Inc. ("Vertex") and the shareholders of Vertex, pursuant to which the Company will acquire 49% of the current issued and outstanding common shares in the capital of Vertex ("Vertex Interest"). As consideration for the Vertex Interest, the Company will issue an aggregate of 12,000,000 common share in the capital of the Company (the "Payment Shares"). Completion of the proposed transaction is subject to a number of conditions, including but not limited to, TSX Venture Exchange, including the NEX Board (collectively, the "Exchange") acceptance. There can be no assurance that the transaction will be completed as proposed or at all.

- Granted 2,626,000 stock options to certain directors, officer and consultants at an exercise price of $0.05 per common share exercisable for 5 years.

- Settled an aggregate of $798,093 in debt in exchange for an aggregate of 15,961,863 (each, a "Debt Unit") at a price of $0.05 per Debt Unit. Each Debt unit consists of one common share in the capital of the Company (each, a "Common Share") and one Common Share purchase warrant (each, a "Warrant"). Each Warrant holder will be entitled to acquire an additional Common Share (each, a "Warrant Share") at an exercise price of $0.05 per Warrant Share for a period of 12 months from the date of issuance.

Summary of Quarterly Results

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

	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Total assets	$ 891,579	$ 441,141	$ 357,630	$ 371,063
Shareholders' deficiency	(241,989)	(469,860)	(362,068)	(327,189)
Comprehensive income (loss)	(94,989)	(142,167)	(34,879)	(51,391)
Basic and diluted loss per share	(0.01)	(0.01)	(0.00)	(0.00)

	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Total assets	$ 419,900	$ 442,031	$ 443,560	$ 444,175
Shareholders' deficiency	(275,798)	(247,527)	(180,225)	(158,915)
Comprehensive income (loss)	(28,271)	221,587	(21,310)	(25,111)
Basic and diluted loss per share	(0.00)	0.01	(0.00)	(0.00)

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

The Company notes that summary financial information with respect to its 49% interest in Cedarcross is available in the accompanying unaudited condensed interim financial statements for the three month periods ended December 31, 2023 and 2022.

Results of operations for the three months ended December 31, 2023 as compared to December 31, 2022

During the three months ended December 31, 2023, the Company incurred a comprehensive loss of $94,989 as compared to a comprehensive loss of $28,271 for the three months ended December 31, 2022.

Other significant income statement items are as follows:

- Accretion expense of $370 (2022 - $nil) and interest expense of $3,760 (2022 - $nil) is related to the convertible debenture financing.

- Consulting and management fees of $45,000 (2022 - $4,500) is associated with general consulting services and management fees to the CEO and CFO.

- Investor relations of $15,000 (2022 - $15,000) consists of monthly fees to a consultant for market promotion.

- Loss on equity of investment of $12,912 (2022 - $nil) is related to the investment in Cedarcross.

- Professional fees of $14,945 (2022 - $2,046) increased due to the legal fees compared to the prior period.

- Interest income of $1,930 (2022 - $nil) is related to the loan funds sent to Cedarcross.

Liquidity

As at December 31, 2023, the Company had a cash balance of $299,668 (September 30, 2023 - $147,656) and a working capital deficit of $439,077 (September 30, 2023 - $679,860), which consisted of current assets of $694,491 (September 30, 2023 - $231,141) and current liabilities of $1,133,568 (September 30, 2023 - $911,001).

Operating Activities: During the three months ended December 31, 2023, the Company had an outflow of $9,407 in operating activities compared to outflow of $24,211 for the three months ended December 31, 2022.

Financing Activities: During the three months ended December 31, 2023, the Company had an inflow of $161,419 in financing activities compared to inflow of $nil for the three months ended December 31, 2022. The Company received $363,441 (2022 - $nil) in private placement funds, received $138,559 (2022 - $nil) in funds for convertible debentures, less $40,581 (2022 - $nil) in share issuance costs and $300,000 (2022 - $nil) in loan receivables associated with Cedarcross.

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 period ended December 31, 2023, the Company paid or accrued management fees of $15,000 (2022 - $4,500) to a company that employs the CFO of the Company and has loans payable of $169,860 (September 30, 2023 - $169,860) to the same company. The loans are non-interest bearing and due on demand.

During the period ended December 31, 2023, the Company paid or accrued consulting fees of $15,000 (2022 - $nil) to a company owned by the CEO of the Company.

As at December 31, 2023, $84,000 (September 30, 2023 - $72,975) is due to related parties and former related parties and included in accounts payable and accrued liabilities.

Outstanding Share Data

As at the date of this report the Company had 42,230,332 common shares issued and outstanding and had 28,549,360 share purchase warrants and no incentive stock option outstanding. Outstanding convertible debentures of $188,000 are convertible into Debenture Units at a price of $0.05 per Debenture Unit resulting in the potential issuance of 3,760,000 additional common shares and 3,760,000 Debenture Warrants.

Off-Balance Sheet Arrangements

At December 31, 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 December 31, 2023. The Company is not subject to externally imposed capital requirements.

Financial Instruments

The carrying value of cash, accounts receivable, loan receivable, accounts payable and accrued liabilities and short-term loans payable approximated their fair value because of the short-term nature of these instruments. The settlement value of convertible debentures as at December 31, 2023 was $191,760 which equals principal and accrued interest

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

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 December 31, 2023, the Company had a cash balance of $299,668 (September 30, 2023 - $147,656) to settle current liabilities of $1,133,568 (September 30, 2023 - $911,001). 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 December 31, 2023, the Company did not have any investments in investment-grade short-term deposit certificates.

Debt instruments carrying interest charges are at fixed rates and not subject to variable adjustment, unless in certain circumstances of default.

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 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, 2023.

In the period ended December 31, 2023, the Company adopted the following policy:

Investment in associate

The Company accounts for its investment in associate using the equity method. Under the equity method, the Company's investment in an associate is initially recognized at cost and subsequently increased or decreased to recognize the Company's share of earnings and losses of the associate and for impairment losses after the initial recognition date. The Company's share of an associate's losses that are in excess of its investment in the associate are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. The Company's share of earnings and losses of associates are recognized through profit or loss during the period. Distributions received from an associate are accounted for as a reduction in the carrying amount of the Company's investment in the associate.

Intercompany transactions between the Company and its associates are recognized only to the extent of unrelated investors' interests in the associates.

At the end of each reporting period, the Company assesses whether there is any objective evidence that an investment in an associate is impaired. Objective evidence includes observable data indicating that there is a measurable decrease in the estimated future cash flows of the associate's operations. When there is objective evidence that an investment in an associate is impaired, the carrying amount of such investment is compared to its recoverable amount, being the higher of its fair value less cost to sell and value in use (i.e. present value of its future cash flows). If the recoverable amount of an investment in associate is less than its carrying amount then an impairment loss is recognized in that period. When an impairment loss reverses in a subsequent period, the carrying amount of the investment in an associate is increased to the revised estimate of recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had an impairment loss not been previously recognized. A reversal of an impairment loss is recognized through profit or loss in the period that the reversal occurs.

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 December 31, 2023 of $25,819,876. 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.