ETHOS CAPITAL CORP.

YEAR ENDED DECEMBER 31, 2008

Management's Discussion & Analysis

Suite 720 – 789 West Pender Street, Vancouver BC, V6C 1H2
Tel: (604) 682-4750 Fax: (604) 682-4809

INTRODUCTION

This Management's Discussion and Analysis (MD&A) includes financial information from, and should be read in conjunction with, the audited financial statements of Ethos Capital Corp. (the Company) for the year ended December 31, 2008. The Company reports its financial position, results of operations and cash flows in accordance with Canadian generally accepted accounting principles (GAAP) in Canadian dollars. This MD&A was prepared with information available as of February 12, 2009. Additional information and disclosure relating to the Company can be found on SEDAR at **www.sedar.com**

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute forward-looking statements. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements. Based on current available information, the Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that those expectations will prove to be correct. The forward-looking statements in this MD&A are expressly qualified by this statement, and readers are advised not to place undue reliance on the forward-looking statements.

OVERVIEW

The Company was incorporated on March 12, 2007 by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act of British Columbia under the name Ethos Capital Corp. The Company completed its initial public offering (IPO) on December 12, 2007 and began trading on the TSX Venture Exchange (the Exchange) on December 14, 2007 as a Capital Pool Company as defined by policy 2.4 of the Exchange under the symbol ECC.P.

The Company has not commenced commercial operations and has no assets other than its existing cash and working capital to identify and evaluate assets or businesses with a view to completing a Qualifying Transaction.

PROPOSED QUALIFYING TRANSACTION

During 2008, the Company signed a Letter of Intent with Cardero Resource Corp. (Cardero) pursuant to which the Company was granted an option to earn a 70% working interest in three of Cardero's mineral prospects in Mexico.. Subsequently in the same year, the Company and Cardero signed a Letter Agreement (the Amending Agreement) amending the terms of the Letter of Intent. The amended transaction is intended to constitute the Company's Qualifying Transaction such that the Company will meet Tier 2 Mining Issuer requirements of the Exchange.

Pursuant to the Letter of Intent and the Amending Agreement, the Company has an exclusive option (the Option) to earn an undivided seventy (70%) percent right, title and working interest in two of Cardero's mineral properties in Mexico, the Santa Teresa and Corrales properties (the Mineral Properties) respectively by:

(a) paying to Cardero the sum of $500,000, as follows:

- (i) $100,000 on or before the day (the Acceptance Date) which is five (5) days after the Letter of Intent and the Amending Agreement is accepted for filing by the Exchange;

(ii) an additional $150,000 on or before the day which is one (1) year after the Acceptance Date; and

(iii) an additional $250,000 on or before the day which is two (2) years after the Acceptance Date;

(b) delivering to Cardero 1,334,000 fully-paid and non-assessable common shares of the Company as follows:

(i) 266,800 common shares of the Company on or before the day which is one (1) year after the Acceptance Date;

(ii) an additional 466,900 common shares of the Company on or before the day which is two (2) years after the Acceptance Date; and

(iii) an additional 600,300 common shares of the Company on or before the day which is three (3) years after the Acceptance Date;

(c) during the currency of the Option, assuming all of the liabilities, and performing, in a timely manner, all of the obligations pursuant to each of the third-party agreements to which Cardero or its subsidiaries hold their rights in and to the Mineral Properties; and

(d) otherwise complying with the terms and conditions of this Letter of Intent and Amending Agreement during the currency of the Option.

In consideration of Cardero entering into the Amending Agreement, the Company has agreed to issue 100,000 common shares of the Company on the Acceptance Date. In addition to the Option payments to Cardero, the Company has agreed to pay an individual arm's length finder 200,000 common shares of the Company as a finder's fee in consideration of that individual identifying and assisting with the acquisition of the Mineral Properties in the proposed Qualifying Transaction.

The Letter of Intent and the Amending Agreement between the Company and Cardero, and the payment by the Company of the above-described finder's fee are subject to applicable regulatory approvals, including the acceptance of the Exchange. The Company and Cardero have agreed to settle on the terms of a more formal definitive option agreement to replace the Letter of Intent and the Amending Agreement.

Private Placement Financing

Due to market conditions in 2008, the Company agreed to withdraw the private placement financing that was announced on June 13, 2008 to issue up to 5 million units in a brokered private placement lead by PI Financial Corp. at a price of $0.50 per unit.

Management of the Company and Exchange Acceptance

The Company does not anticipate any changes to its current roster of directors and officers as a result of the above-described option transaction and financing.

The Qualifying Transaction is an arm's length Qualifying Transaction and to the Company's understanding will not be subject to shareholder approval.

Completion of the above-described transactions is subject to a number of conditions, including but not limited to, Exchange acceptance and requirements. There can be no assurance that the above transactions will be completed as proposed or at all or without amendment.

SELECTED FINANCIAL INFORMATION

Fiscal Year ended	**December 31, 2007**	**December 31, 2008**
Total Revenue	Nil	Nil
Loss before Extraordinary Items	$371,987	$77,204
Net Loss for the Period	$371,987	$77,204
Loss Per Share Basis	$0.09	$0.01
Loss Per Diluted Share Basis	$0.09	$0.01
Total Assets	$1,911,772	$1,970,351
Total Liabilities	$15,286	$151,069
Cash Dividends per Share	Nil	Nil
Number of Shares Issued and Outstanding	10,930,000	10,930,000

The factors that will cause variations in the selected annual financial information will be dependent on the timing of identifying and evaluating potential Qualifying Transactions and the type of Qualifying Transaction selected.

RESULTS OF OPERATIONS

Year ended December 31, 2008, compared to the period from inception, March 12, 2007 to December 31, 2007

The Company recorded a net loss of $77,204 for the year ended December 31, 2008 ($0.01 loss per share) compared to a net loss of $371,987 ($0.09 loss per share) in the initial year 2007.

During 2008, the Company incurred $129,039 in administrative costs, primarily to support the review of business opportunities and due diligence regarding the proposed Qualifying Transaction with Cardero. The administrative costs were offset by $47,593 in interest income earned on the Company's cash.

During 2007, the Company incurred $72,032 in administrative costs primarily to complete its IPO and the initial review of business opportunities. The administrative costs were offset by $16,866 in interest income earned on the Company's cash. The Company recorded $315,350 in stock based compensation for stock options granted to directors, officers and consultants.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes selected financial information from the Company's unaudited financial statements for the last seven quarters since incorporation.

Quarter Ended	**Revenue**	**(Income) Loss**	**(Income) Loss Per Share**	**(Income) Loss Per Diluted Share**
31-Dec-08	$0.00	$33,774	$0.00	$0.00
30-Sep-08	$0.00	$18,256	$0.00	$0.00
30-Jun-08	$0.00	$27,606	$0.00	$0.00
31-Mar-08	$0.00	($2,432)	($0.00)	($0.00)
31-Dec-07	$0.00	$349,752	$0.09	$0.09
30-Sep-07	$0.00	$22,050	$0.00	$0.00
30-Jun-07	$0.00	$185	$0.00	$0.00
31-Mar-07	$0.00	$0	$0.00	$0.00

The factors that will cause variations in the selected quarterly financial information will be dependent on the timing of identifying and evaluating potential Qualifying Transactions and the type of Qualifying Transaction selected.

FOURTH QUARTER 2008

The Company's major activity during the fourth quarter of 2008 was to complete due diligence on the Cardero Qualifying Transaction.

LIQUIDITY AND CAPITAL RESOURCES

The Company had working capital of $1,681,139 as at December 31, 2008 compared to working capital of $1,896,486 as at December 31, 2007, a decrease of $215,347. During 2007, the Company raised $1,700,000 (before share issue costs of $1,931) from two private placements prior to its IPO. The Company then raised an additional $300,000 (before share issue costs of $50,946) from its IPO. In total, the Company raised net proceeds of $1,947,123 from the sale of its common shares. In addition, the Company received $6,000 from the exercise of 30,000 Agent options.

Until completion of the Qualifying Transaction and except as otherwise provided in Policy 2.4 of the Exchange, a maximum of $210,000 may be used for purposes other than evaluating business or assets, including listing fees, professional fees, administrative and other general expenses.

During 2008, the Company announced a proposed private placement financing with the issuance of up to 5 million units in a brokered private placement lead by PI Financial Corp. at a price of $0.50 per unit. Due to prevailing market conditions, the Company agreed to withdraw this private placement financing.

During 2008, the Company incurred $77,204 in administrative costs net of interest income. The Company also incurred $138,143 in mineral property expenditures on the Cardero Mineral Properties to ensure it met the requirements of a Qualifying Transaction.

The Company has sufficient working capital to fund its administrative costs, meet its cash option payments under the proposed Cardero Option and carry out a modest exploration program to further evaluate the Cardero Mineral Properties. Depending on the amount of exploration carried out, the Company could meet its cash flow requirements for up to the next 24 months. Given the current market conditions, management intends to carefully and efficiently use its financial resources.

The Company's current source of working capital to date has been solely from the sale of its common shares. In the foreseeable future, the Company will continue to raise additional working capital from the sale of its common shares to meet its future cash flow requirements.

CONTRACTUAL OBLIGATIONS

None

OFF-BALANCE SHEET ARRANGEMENTS

None

TRANSACTIONS WITH RELATED PARTIES

During the year ended December 31, 2008, the Company accrued or paid $8,050 in rent to a publicly listed company with a common Chief Executive Officer for the Company's share of office space used.

PROPOSED TRANSACTIONS

The Company is proposing a Qualifying Transaction. See the Overview and Qualifying section above for more information.

RISKS AND UNCERTAINTIES

The Company was only recently incorporated, has not commenced commercial operations and has no assets other than cash. It has no history of earnings, and will not generate earnings or pay dividends until at least after completion of a Qualifying Transaction.

The directors and officers of the Company will only devote a portion of their time to the business and affairs of the Company and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time.

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 complete a suitable Qualifying Transaction successfully or complete the option referred to under "Proposed Qualifying Transaction".

The Qualifying Transaction will be financed partly by the issuance of additional securities of the Company and this will result in further dilution to existing shareholders. In addition, the Company will need to raise additional funds from the issuance of additional securities to fund its future working capital and exploration costs. The additional dilution may be significant and may also result in a change of control of the Company.

Please also refer to the section under risk factors in the Company's prospectus for the IPO.

CRITICAL ACCOUNTING ESTIMATES

The Company's accounting policies are described in detail in note 2 of the annual audited financial statements for the year ended December 31, 2008. The Company considers the following policies to be most critical in understanding its financial results:

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets, and commitments at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates due to factors such as changes in economic conditions, regulatory matters and negotiations with other parties.

Stock-based compensation

The Company uses the fair value method of accounting for options granted under its stock-based compensation plan. Stock options to employees are measured at the fair value of the consideration received or the fair value of the equity instruments issued whichever is more reliably measurable and are charged to operations over the vesting period. Stock options granted to consultants are valued at the time the options vest and at every reporting period for those not yet vested. The offset is credited to contributed surplus. Cash received on the exercise of stock options is recorded in share capital and the related compensation included in contributed surplus is transferred to share capital to recognize the total consideration for the shares issued.

The Company uses the Black-Scholes option pricing model to calculate the fair value of stock options granted. This model is subject to various assumptions. The assumptions the Company makes will likely change from time to time. At the time the fair value is determined, the methodology the Company uses is based on historical information, as well as anticipated future events.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Effective January 1, 2008, the Company adopted three new Canadian Institute of Chartered Accountants (CICA) accounting standards: (i) Handbook Section 1535, *Capital Disclosures* ("Section 1535"), (ii) Handbook Section 3862, *Financial Instruments – Disclosures* ("Section 3862") and (iii) Handbook Section 3863, *Financial Instruments – Presentation* ("Section 3863"). The main requirements of these new standards and the resulting financial statement impact are described below:

Capital Disclosures (Section 1535):

Section 1535 specifies the disclosure of: (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has compiled with any capital requirements; and, (iv) if it has not complied, the consequences of such non-compliance. As a result of the adoption of this standard, additional disclosure on the Company's capital management strategy have been included in the notes to the interim financial statements.

Financial Instruments – Disclosures (Section 3862) and Financial Instruments – Presentation (Section 3863):

Sections 3862 and 3863 replace Handbook Section 3861, *Financial Instruments – Disclosure and Presentation*, revising its disclosure requirements, and carrying forward its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

Section 3862 specifies disclosures that enable users to evaluate: (i) the significance of financial instruments for the entity's financial position and performance: (ii) the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks. As a result of the adoption of this standard, additional disclosure on the risks of certain financial instruments have been included in the notes to the interim financial statements.

Section 3863 establishes standards for the presentation and classification of financial instruments and non-financial derivatives. The adoption of this standard did not have any impact on the presentation or classification of the Company's financial statements.

FUTURE ACCOUNTING CHANGES

International Financial Reporting Standards

The CICA has announced it will transition Canadian generally accounting principles ("GAAP") for publicly accountable entities to International Financial Reporting Standards ("IFRS"). The Company's financial statements are to be prepared in accordance with IFRS for the fiscal year commencing January 1, 2011. The impact of the transition to IFRS on the Company's financial statements has not been determined.

Goodwill and Intangible Assets

Effective January 1, 2009, the Company will adopt new CICA Handbook Section 3064, *Goodwill and Intangible Assets*. This Section replaces CICA Handbook Section 3062, *Goodwill and Intangible Assets* and CICA Handbook Section 3450, *Research and Development Costs*, and establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The impact of this standard on the Company's financial statements will not be initially applicable.

FINANCIAL INSTRUMENTS

As disclosed in its audited financial statements for the year ended December 31, 2008, the Company has identified several financial instruments that it utilizes in its day-to-day operations. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Management has evaluated the effectiveness of the Company's disclosure controls and procedures as at December 31, 2008 and has concluded, based on its evaluation, that these controls and procedures provide reasonable assurance that material information relating to the Company is made known to management and disclosed in accordance with applicable securities regulations.

INVESTOR RELATIONS

As a capital pool company, the Company has no investor relations program in place.

DISCLOSURE OF OUTSTANDING SHARE DATA

As at February 12, 2009, the Company had the following common shares and stock options outstanding:

Common shares	10,930,000
Stock options	970,000
Fully diluted shares outstanding	11,900,000