Form 51-102F1
Management Discussion and Analysis For
Neodym Technologies Inc.

For the Quarter Ended August 31, 2011

The following management discussion and analysis has been prepared as of October 31, 2011. The selected financial information set out below and certain comments which follow are based on and derived from the management prepared consolidated financial statements of Neodym Technologies Inc. (the "Company" or "Neodym") for the second quarter ended August 31, 2011 and should be read in conjunction with them.

General

Neodym designs and manufactures gas detection products for OEMs, as well as generic detection equipment for industrial, commercial and domestic applications and offers simple, stand-alone gas detectors as well as advanced multi-sensor monitoring systems. Neodym's equipment is DC-powered making it suitable for use in all countries of the world.

More information on the Company's products may be obtained on Neodym's website at NEOSAFE.COM.

Overall Performance

Sales for the quarter ended August 31, 2011 were $52,720 with a gross profit of $32,689 compared to sales of $62,489 with gross profit of $40,573 for the same quarter in the previous year. The net loss for the quarter ended August 31, 2001 was $13,408 compared to a loss of $26,207 for the same quarter in the prior year.

Results of Operation

Sales for the quarter ended August 31, 2011 were $52,720 compared to sales of $62,489 for the quarter ended August 31, 2010. This decrease of 18.5% compared to the same quarter last year is attributable mainly to a general slowdown in orders from U.S. customers. Also contributing to the reduced sales for the current quarter was the decline in the value of the U.S. dollar in which the majority of the Company's sales are denominated. During the 3 months in question in 2010 the Canadian dollar traded for approximately $0.96, whereas in the current year the Canadian dollar ranged from about $1.01 to $1.06.

Sales for the six months ended August 31, 2011 were $110,726 compared to sales of $109,031 for the six months ended August 31, 2010. This is an increase of 1.6% compared to the same six-month period in the previous year. This modest increase in sales came about as a result of higher sales in the first quarter of 2011 to mostly European and Asian customers and in spite of a year-over-year decline in the value of the U.S. dollar.

Summary of Quarterly Results

The following table sets forth selected quarterly financial information for each of the last eight (8) quarters prepared in accordance with Canadian Generally Accepted Accounting Principles with the figures for each quarter in Canadian dollars.

Quarter Ending	Total Gross Sales	Net Loss (Gain)	Net Loss per Share
August 31, 2011 (IFRS)	52,720	13,408	0.00
May 31, 2011 (IFRS)	58,006	7,089	0.00
February 28, 2010 (IFRS)	34,958	42,394	0.00
November 30, 2010 (IFRS)	41,585	34,998	0.00
August 31, 2010 (IFRS)	62,489	26,207	0.01
May 31, 2010 (IFRS)	46,542	30,324	0.00
February 28, 2010 (CGAAP)	45,251	42,501	0.01
November 30, 2009 (CGAAP)	75,586	10,968	0.00

NOTE: There were no discontinued operations or extraordinary items on the Company's financial statements during the above-mentioned periods.

Liquidity and Capital Resources

Working capital was ($1,040,851) (working capital deficiency) as at August 31, 2011 compared to ($1,026,706) as at February 28, 2011. The decrease in working capital is a result of ongoing business activities.

The working capital deficiency is manageable due to the fact that a significant portion of the payables are owing to companies controlled by directors of the Company. These accounts will be paid as the Company receives revenues from sales. Until such time, it is anticipated management will continue to fund the Company to ensure that its development and marketing activities will continue. The payables due to third parties are in the ordinary course of business and relate to manufacturing, supplies, inventory, etc. and are financed with cash from sales.

Capital Resources

The Company does not have any capital resource commitments.

Transactions with Related Parties

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Amounts due to related parties are unsecured with no specific terms for repayment.

Pursuant to a management agreement, the Company was charged $15,000 (2010: $15,000) for office, accounting and administrative support by a private company controlled by a former director. The contract is on a monthly basis and can be terminated by either party with 30 days notice. Pursuant to an employment services agreement, the Company was charged $32,513 (2010: $62,375) for management and product development services provided by a private company controlled by a director. The same company also charged $8,743 (2010: $6,797) for assembly and manufacturing services and $1,500 (2010: $1,500) for office rent. The Company was charged $18,000 (2010: $27,000) for marketing and product development services by a director.

Related party payables of $963,946 (2010: $867.862) are owed to companies which have certain current or former directors in common, of which $944,618 (2010: $847,959) relates to the agreements disclosed above. They are non-interest bearing and have no fixed terms of repayment.

Critical Accounting Estimates

Revenue from the sale of products is recognized upon shipment, which is when: ownership is transferred, the fee is fixed and determinable, the collection of resulting receivables is probable and any uncertainties with regard to customer acceptance are insignificant. Revenue from the provision of engineering services is recognized upon project/service completion.

The Company expenses the costs of its product development activity until such time as:

- A product is clearly defined and costs relating thereto can be identified;
- Technical feasibility has been established;
- A future market is clearly defined/usefulness has been established;
- The Company intends to produce and market, or use, the product; and
- Resources exist, or can be made available, to effectively commercialize the product.

Product maintenance and service costs, minor costs for enhancements and customization, and research costs are charged to expense as incurred.

Costs meeting the capitalization criteria are recorded as Deferred Product Development Costs. Amortization is provided on a straight-line basis over the estimated three year commercial lives of the products.

Changes in Accounting Policy

Adoption of IFRS
We prepare our financial statements in accordance with Canadian generally accepted accounting principles (“GAAP”) as set out in the Handbook of the Canadian Institute of Chartered Accountants (“CICA Handbook”). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards (“IFRS”) as issued by the International Account Standards Board, and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, we have commenced reporting on under this basis.

Commencing May 31, 2011, the unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) and IFRS 1, First-Time Adoption of IFRS (“IFRS 1”). Subject to certain transition elections disclosed in Note 14, we have consistently applied the same accounting policies in our opening IFRS balance sheet as at March 1, 2010 and throughout all periods presented, as if these policies had always been in effect. Note 14 discloses the impact of the transition to IFRS on our reported balance sheet, comprehensive income, changes in equity and cash flows, including the nature and effect of significant changes in accounting policies from those used in our financial statements for the year ended February 28, 2010 the transition to IFRS on our reported balance sheet, comprehensive income, changes in equity and cash flows, including the nature and effect of significant changes in accounting policies from those used in our financial statements for the year ended February 28, 2010.

Future Changes to Accounting Policy

In May 2011, the IASB issued the following standards which have not yet been adopted by the Company:

IFRS 9, Financial Instruments (IFRS 9), IFRS 10, Consolidated Financial Statements (IFRS 10), IFRS 11, Joint Arrangements (IFRS 11), IFRS 12, Disclosure of Interests in Other Entities (IFRS 12), IAS 27, Separate Financial Statements (IAS 27), IFRS 13, Fair Value Measurement (IFRS 13) and amended IAS 28, Investments in Associates and Joint Ventures (IAS 28). Each of the new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements. The following is a brief summary of the new standards:

IFRS 9 Financial Instruments

IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit and loss or at fair value through other comprehensive income.

IFRS 10 Consolidation

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC 12 Consolidation-Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

IFRS 11 Joint Arrangements

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC 13, Jointly Controlled Entities-Non monetary Contributions by Venturers.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles, and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

Financial Instruments and Other Instruments

The Company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk.

The Company's activities that result in exposure to fluctuations in foreign currency exchange rates consist of the sale of products to customers invoiced in foreign currencies and the purchase of services, materials, and property and equipment from suppliers invoiced in foreign currencies. The Company does not use derivative instruments to hedge its currency risk. A sizable percentage of the Company's accounts receivable are denominated in U.S. dollars.

Outstanding Share Data

The authorized share capital consists of an unlimited number of common shares. As of August 31, 2011 and the date hereof, an aggregate of 12,151,920 common shares were issued and outstanding.

The Company had no warrants outstanding as of August 31, 2011 and the date hereof.

The Company did not have any options outstanding as of August 31, 2011 and the date hereof.

2,000,000 common shares are restricted and can be released on the basis of cumulative cash flow with one share released for each $0.087 per share of cumulative cash flow generated. At the Company's Annual General Meeting last year, shareholders approved the change of release provisions on the escrow shares from a performance based formula to a time release formula. This change is subject to regulatory approval.

Investor Relations

Directors and officer of the Company all participate in a limited investor relations program. The Company has no arrangements for external promotional activities.

Forward-Looking Statements

Statements throughout this MD&A that are not historical facts may be considered "forward-looking statements." Some of the statements contained herein including, without limitation, financial and business prospects and financial outlooks may be forward-looking statements which reflect management's expectations regarding future plans and intentions, growth, results of operations, performance and business prospects and opportunities. Words such as "may", "will", "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue" and similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management.

Readers are cautioned not to place undue reliance on these forward-looking statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.

In particular, this MD&A contain forward-looking statements pertaining to the following:

(i) future sales and revenue projections;
(ii) future markets for the Company's products for revenue generation; and
(iii) identification of direct input costs.

In making these forward-looking statements the Company has relied on management's ability to identify new markets and expand upon existing ones.

Disclosure Controls and Procedures

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with Canadian generally accepted accounting principles.

Publicly listed companies are not required to provide representations in the annual filings relating to the establishment and maintenance of DC&P and ICFR, as defined in Multinational Instrument 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitation 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 Multinational Instrument 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.

Additional information relating to the Company can be found on SEDAR at www.sedar.com and also on the Company's website at www.neosafe.com.