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

For the Year Ended February 28, 2011

The following management discussion and analysis has been prepared as of June 28, 2011. The selected financial information set out below and certain comments which follow are based on and derived from the audited consolidated financial statements of Neodym Technologies Inc. (the "Company" or "Neodym") for the year ended February 28, 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 year 2010 were $185,574 with a gross profit of $121,321 compared to sales of $246,376 with gross profit of $165,206 in the prior year. The net loss for year was $134,538 compared to a loss of $76,732 in the prior year.

Selected Annual Information

The following table sets forth selected consolidated information of the Company at February 28/29 for each of the last three fiscal years prepared in accordance with Canadian Generally Accepted Accounting Principles. The selected consolidated financial information should be read in conjunction with the Audited Consolidated Financial Statements of the Company.

Canadian Dollars	**2011**	**2010**	**2009**
Net Revenues	121,321	165,206	196,488
Net earnings (loss)	(132,948)	(90,078)	(114,948)
Net income (loss) per share	(0.01)	(0.01)	(0.01)
Total assets	66,655	77,702	119,014
Long term debt	Nil	Nil	Nil
Dividends	Nil	Nil	Nil

Results of Operation

Sales for the year ended February 28, 2011 were $185,574. This is a decrease of 24.7% compared to sales of $246,376 for the year ended February 28, 2010. This decrease in sales is deemed by Management to be attributable, in large part, to ongoing effects of the economic recession. Also contributing to the decrease in sales is the drop in the value of the U.S. dollar – the currency in which the Company performs the bulk of its sales and whose value has declined from an average of $1.11 last year to an average of $1.02 this year (Source: Bank of Canada noon rates, March to February).

Gross margin decreased to 65.4% in the latest year compared to 67.1% in the prior year. The decrease in gross margin is attributed to the decreased value of the US dollar. As a subsequent event, the Company adjusted the prices of its products upwards in March 2011 by between 2% and 8% (depending on product type) to address the drop in value of the US dollar.

Fourth Quarter Compared to Third Quarter

Comparing the fourth quarter ended February 28, 2011 to the third quarter ended November 30, 2010, sales decreased from $41,585 to $34,958. This decrease is consistent with the drop in sales volumes over the course of the entire year due to the recession and a stronger Canadian dollar.

The administrative expenses were very similar to the prior quarter with the biggest change being the audit fees being charged in the third quarter and a foreign exchange gain of $4,933 in the fourth quarter due to currency fluctuations.

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
February 28, 2010	34,958	42,394	0.00
November 30, 2010	41,585	34,998	0.00
August 31, 2010	62,489	25,232	0.01
May 31, 2010	46,542	30,324	0.00
February 28, 2010	45,251	42,501	0.01
November 30, 2009	75,586	10,968	0.00
August 31, 2009	60,030	22,005	0.00
May 31, 2009	65,509	14,604	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 ($1,019,894) (working capital deficiency) as at February 28, 2011 compared to ($974,031) (working capital deficiency) as at November 30, 2010 and ($887,776) as at February 28, 2010. 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.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

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 $30,000 (2010: $30,000) 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 $124,297 (2010: $124,237) for management and product development services provided by a private company controlled by a director. The same company also charged $12,075 (2010: $15,274) for assembly and manufacturing services and $3,000 (2010: $3,000) for office rent. The Company was charged $54,000 (2010: $54,000) for marketing and product development services by a director.

Related party payables of $930,966 (2010: $801,144) are owed to companies which have certain current or former directors in common, of which $911,161 (2010: $781,816) relates to the agreements disclosed above. They are non-interest bearing and have no fixed terms of repayment.

Fourth Quarter

In order to diversify into other markets besides the lagging fuel cell sector, the Company is continuing development of its new product, codenamed ‘Neo II’, and expects to deploy beta trial versions of this product in the fall of 2011.

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 Policies

There were no changes in accounting policies during the quarter.

Future Accounting Pronouncements

The following accounting pronouncements are applicable to future reporting periods. The Company is currently evaluating the effects of adopting these standards:

<u>Business Combinations, Consolidated Financial Statements and Non-Controlling Interests</u>

In January 2009, the CICA adopted Sections 1582 - Business Combinations, 1601 - Consolidated Financial Statements, and 1602 - Non-Controlling Interests which superseded current Sections 1581 - Business Combinations and 1600 - Consolidated Financial Statement.

These new sections replace existing guidance on business combinations and consolidated financial statements to harmonize Canadian accounting for business combinations with International Financial Reporting Standards. These sections will be applied prospectively to business combinations for which the acquisition date is on or after January 1, 2011. Earlier adoption is permitted. If the Corporation applies these sections before January 1, 2011, it is required to disclose that fact and apply each of the new sections concurrently. The Corporation is currently evaluating the impact of the adoption of these changes on its consolidated financial statements.

<u>International Financial Reporting Standards ("IFRS")</u>

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of March 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended February 28, 2011. The Company has begun an internal diagnostic review to understand, identify and assess the overall effort required to produce financial information under IFRS, however, at this time, the financial reporting impact of the transition to IFRS cannot be reasonably estimated.

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 February 28, 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 February 28, 2011 and the date hereof.

The Company did not have any options outstanding as of February 28, 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.