Form 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
(REVISED March 30, 2011)

FOR THE 3 MONTH PERIOD ENDED SEPTEMBER 30, 2010

1. CAUTION REGARDING FORWARD-LOOKING STATEMENTS

The discussion and analysis of Aquarius Coatings Inc. ("the Company") may contain forward-looking statements, which involve risks and uncertainties. Actual events could differ from those anticipated in these forward-looking statements. While this MD&A reflects the period ending September 30, 2010, it also addresses key events that have occurred up to and including the date of the writing on November 25, 2010 and this revision written on March 30, 2011.

Forward-looking statements may include sales, earnings, and profitability comments. These statements may contain words such as “anticipated”, “expected”, “could”, “should”, “may”, “plans”, “will”, or similar expressions that are based on and arise out of our experience, our perception of trends, current conditions and expected future developments as well as other factors. By their very nature, forward-looking statements involve uncertainties and risks that the forecasts and targets will not be achieved. Readers are cautioned not to place undue reliance on forward looking statements as a number of important factors, as disclosed herein and in the Company’s other continuous disclosure documents, could cause actual results to differ materially from those expressed in such forward looking statements.

Readers are also referred to SEDAR at sedar.com for additional information.

2. GOING CONCERN

These financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has incurred significant losses for a period of several years and has both a working capital and shareholders’ deficiency. Accordingly, the ability of the Company to continue as a going concern is uncertain and is dependent upon obtaining sufficient levels of financing, achieving profitable operations and continued support from its shareholders. These financial statements do not include any adjustments to the amounts or classification of financial statement items that might be necessary if the Company was unable to continue as a going concern. No adjustment has been made in these financial statements to reflect liquidation values of assets on a non-going concern basis as any such adjustment, if required, would not have a material affect on the corporation’s balance sheet. Please refer to Note 1 to the Consolidated Financial Statements for the year ended March 31, 2010 included in this annual report for important information regarding the going concern assumption.

3. INTRODUCTION

The following is a discussion and analysis of the Company's results of operations and financial condition for the 3 month period ended September 30, 2010 and should be read in conjunction with its audited consolidated financial statements for the year ended March 31, 2010 and the related notes thereto. The amounts included in the following discussions are expressed in Canadian dollars unless otherwise indicated.

4. SIGNIFICANT ACCOUNTING POLICIES

The Company's financial statements included in this quarterly report were prepared in accordance with generally accepted accounting principles in Canada, as more particularly set out and described in the related notes to Consolidated Financial Statements for the year ended March 31, 2010.

Future changes in accounting policies
International Financing Reporting Standards (IFRS)

In January 2006, the AcSB adopted a strategic plan calling for the adoption of IFRS by publicly accountable enterprises in Canada, after a specified transition period. The AcSB has confirmed January 1, 2011 as the changeover date (i.e., the date IFRS will replace current Canadian standards and interpretations as GAAP for this category of reporting entity). As a result, the Company is required to prepare its consolidated financial statements in accordance with IFRS for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Accordingly the Company will be implementing IFRS commencing April 1, 2011.

The Company plans to carry out a diagnostic review of significant IFRS differences during the fourth quarter of fiscal 2011. While the effects of IFRS have not yet been fully determined, management has identified areas where it may be impacted by accounting policy changes which may potentially impact the recognition, measurement and presentation of the Company’s financial statement balances as of the transition date.

A large impact is in presentation and disclosure of the Financial Statements. The Balance Sheet will be classified in order of liquidity and the Statement of Earnings will group expenses all by function or all by nature. Further, the Company anticipates a significant increase in disclosure resulting from the adoption of IFRS and is continuing to assess the level of disclosure required and any process and/or system changes necessary to gather the required information.

Business Combinations, Consolidated Financial Statements and Non-controlling Interests

In October 2008, the CICA issued Section 1582 Business Combinations ("Section 1582") concurrently with Section 1601 Consolidated Financial Statements ("Section 1601"), and Section 1602 Non-controlling Interests ("Section 1602"). Section 1582, which replaces Section 1581 Business Combinations, establishes standards for the measurement of a business combination and the recognition and measurement of assets acquired and liabilities assumed. Section 1601, which replaces Section 1600, carries forward the existing Canadian guidance on aspects of the preparation of consolidated financial statements subsequent to acquisition other than non controlling interests. Section 1602 establishes guidance for the treatment of non-controlling interests subsequent to acquisition through a business combination. These new standards are effective for the Company's interim and annual consolidated financial statements commencing on January 1, 2011 with earlier adoption permitted as of the beginning of a fiscal year. This pronouncement will not have any impact on the financial statements.

Management of Capital

The Company defines capital that it manages as the aggregate of its loans payable, share capital, contributed surplus and deficit. Its objectives when managing capital are to ensure that the Company will continue as a going concern, so that it can provide returns to its shareholders. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances. The Company is not subject to any externally imposed capital requirements or debt covenants, and does not presently utilize any quantitative measures to monitor its capital. The Company's overall strategy with respect to management of capital remains unchanged from the year ended March 31, 2010.

5. BUSINESS OVERVIEW

The Company is a manufacturer of industrial and consumer corrosion protective coatings and markets a wide range of these coatings for steel, concrete and manufactured goods, with distribution throughout North America.

Products include:

- **Blue Steel Primer** – a waterborne low VOC rust converting product for treating corrosion on various metal surfaces
- **Saf-T-Seal –** a waterborne sealer for ferrous and no-ferrous mettals
- **Sure Tred –** Non slip safety coating for various pedestrian walkways
- **Armacote –** polyurethane industrial enamels for maintenance and production work
- **Armaglaze WB 6000 & 9000 -** high performance 2 component urethane finishes for premium performance & protection including anti graffitti
- **Armakleen123 –** waterborne graffiti remover for various surfaces. Intended for use on Armaglaze protected surfaces
- **Armabrite** – complete line of single component moisture cure primers – intermediate and finish coats

We have a relationship with an international distributor which remains one of our key components for future growth. This ongoing relationship is attributed to the specialty "non-competitive" nature of our products and through the support of local sales initiatives. This distributor has a global presence, currently representing our products nationwide.

Recent projects include train and transit stations, petrochemical tanks, bridge maintenance and corrosion treatment for marine & industrial projects. We have supplied products for trailer and heavy equipment painting, locomotive walkways, warehouse floor maintenance and mobile stage sets. We have also supplied products for various anti-graffiti projects and protective coatings systems for decorative retail and commercial floors.

The development, design and maintenance of a professional website is under review to help stimulate and support future growth. This is a key business tool for prospective customers to search and locate our company and products while improving our overall corporate image within the coatings industry.

The Company has relied on the financial support of a major shareholder and will continue to do so until the Company generates a positive cash flow from operations. Administrative expenses have been reduced during the last three quarters and the Company will continue to look at means of reducing costs and attaining profitability.

6. OVERALL PERFORMANCE RELATING TO CURRENT OPERATIONS FOR THE 3 MONTH PERIOD ENDED SEPTEMBER 30, 2010

Compared to the same period for the previous year, sales revenues increased by 7.4% from $63,922 to $68,634 and gross margin increased by 26.75% from $23,595 in the prior year to $29,906 for the current period.

Selling, general and administrative expenses for the 2nd quarter decreased by 37.25% to $76,278 in the current year from $121,558 in the previous year. This decrease is a result of our consolidated efforts in focusing on a leaner operation. Net loss for the quarter declined by 51.4% from a loss of $107,190 in the prior year compared to a loss of $52,077 in the current year.

7. SELECTED CONSOLIDATED FINANCIAL INFORMATION

As at September 30, 2010, September 30, 2009 and September 30, 2008 from the Consolidated Balance Sheets for those dates

Balance Sheet Item	30-Sep-10 $'s	30-Sep-09 $'s	30-Sep-08 $'s
Cash (Overdraft)	(19,138)	(3,315)	9,030
Accounts receivable	53,820	58,036	61,399
Inventory – Raw materials	57,220	26,708	52,347
Inventory – Finished Goods	25,377	46,036	38,148
Accounts payable	516,212	490,565	465,293
Notes Payable	200,000	200,000	200,000
Related party advances	2,736,275	2,463,612	2,061,612
Shareholders Equity (Deficiency)	(3,290,712)	(2,993,521)	(2,557,351)

All assets are located in Ontario and are subject to the general security agreement mentioned in Note 7 to the March 31, 2010 financial statements.

8. CASH (OVERDRAFT)

Cash (overdraft) represents cash on deposit less issued and outstanding cheques. The overdraft in the current year increased from $3,315 in the prior year to $19,138 in the current period. The fluctuations in this balance are related to the timing of the receipt of funding and the release of cheques.

9. ACCOUNTS RECEIVABLE

Accounts receivable decreased by 7.2% from $58,036 in the prior year to $53,820 at the end of the current period. The balance of receivables at the end of a period are relative to the timing of sales during that period.

10. INVENTORY

Raw material inventories increased by 114.2% from $26,708 in the prior year to $57,220 at the end of the current period and finished goods inventory decreased by 45.1% from $46,036 in the prior year to $25,277 at the end of the current period.

Cost of Goods sold for the period is comprised of the following:

Inventory	$35,886
Overhead expenses	2,842
Total	$38,728

The changes in the inventory components are the result of the timing of raw material purchases and the manufacturing of finished goods. Raw Material levels in particular will fluctuate from period to period resulting from the volume of purchases required in order to obtain reasonable pricing.

11. ACCOUNTS PAYABLE

Accounts payable increased by 5.2% from $490,565 in the prior year to $516,212 at the end of the current period. The change in payables is dependant on the timing of expenses and raw material purchases and is also related to funding advances.

12. NOTES PAYABLE

Notes payable represents a subordinated loan from a venture capital company to a subsidiary a number of years ago. The loan is non interest bearing and unsecured. There have been no principal payments on the loan since 1992 and no payments are anticipated in the near future.

13. DUE TO RELATED PARTIES

During the current fiscal year to date, capital expenditures and sales and marketing efforts were funded from the proceeds of shareholder and related party advances. The amount due to related parties increased by 11.1% to $2,736,275 at the end of the current period from $2,463,612 at the same period in the prior year. This increase is the level of funding required to finance the operations of the company during that period.

14. SELECTED QUARTERLY FINANCIAL DATA

The table below presents selected financial data for each of the eight quarters ending September 30, 2010

	30-Sep 2010 $'s	30-Jun 2010 $'s	31-Mar 2010 $'s	31-Dec 2009 $'s	30-Sep 2009 $'s	30-Jun 2009 $'s	31-Mar 2009 $'s	31-Dec 2008 $'s
Revenue	68,634	68,767	46,792	55,074	63,922	70,460	48,149	28,761
Cost of Goods Sold	38,728	51,489	(8,805)	53,816	47,367	65,429	16,354	30,582
Gross Margin	29,906	17,278	55,597	1,258	16,555	5,031	31,795	(1,821)
Selling, general and administrative	76,278	85,824	101,218	101,914	115,440	111,323	120,083	112,203
Amortization	602	539	246	227	346		806	
Interest and bank charges	5,103	10,027	6,547	7,601	8,881	1,713	20,953	803
Loss (Gain) on Foreign Exchange		4,496	4,496	(727)	(922)	(2,847)	(856)	1,139
	81,983	100,886	112,507	109,015	123,745	110,189	140,986	114,145
Net Profit (Loss)	(52,077)	(83,608)	(56,910)	(107,757)	(107,190)	(105,158)	(109,191)	(115,966)

Loss Per Share

The net loss for the 3 month period ended September 30, 2010, was $52,077 ($0.00 per share), for the same period in the previous year the net loss was $107,190 ($0.00 per share). As of September 30, 2010 and September 30, 2009 there were 107,948,144 shares outstanding.

Discussion of Selected Financial Data

Revenues in the current quarter were the same as the previous quarter and 7.4% over the same period in the prior year. The sales in the quarter ending December 2009 were more than double the corresponding period in the prior year and were the result of the delivery of product to customers for new projects resulting from the general improvement in the economy

Some General and Administrative Expenses previously included in Cost of Goods Sold were realigned in the quarter ending March 31, 2010 resulting in a negative Cost of Goods Sold for that period. Allocating this realignment over the year COGS would have been about $12,000 in the 4th quarter, $44,000 in the 3rd quarter, $42,000 in the 2nd Quarter and $56,000 in the 1st quarter.

As discussed above Selling, General and Administrative expenses were higher in the quarter ending March 31 because of the realignment of expenses. Allocating this realignment over the year these expense would have been about $80,000 in the 4th

quarter, $112,000 in the 3rd quarter, $120,000 in the 2nd Quarter and $120,000 in the 1st quarter. The reduction in Selling, general and administrative expenses in the last four quarters reflect the reduction in management salaries and other general expenses in those periods.

In prior years, Amortization had only been reflected at year end. This practice was changed in the 2nd quarter of the last fiscal year and amortization is now shown on a quarterly basis in the above table.

Interest expenses had also previously been accrued only at year-end, This practice was also changed in the 2nd quarter of the last fiscal year and is now shown on a quarterly basis in the above table.

The loss or gain on foreign exchange results from the purchase of raw material in US Funds and should properly be reflected in cost of raw materials. This gain was reallocated in the quarter ending March 31, 2010.

15. FINANCING AGREEMENTS

The Company has historically funded its activities through the sale of Common shares and advances from a major shareholder, there are no formal financing arrangements.

16. CONTRACTURAL OBLIGATIONS

The Company rents premises on a monthly basis and has no long term lease commitments and has no capitalized lease commitments.

17. CAPITAL RESOURCES

The Company does not anticipate any major expenditure on capital resources.

18. OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

19. PORTFOLIO INVESTMENTS

Woodland Biofuels Inc ("Woodland")
The Company owns 112,272 shares in Woodland. This long-term investment has been included at a nominal price. Further details appear in Note 4(b) of the notes to the Consolidated Financial Statements for the year ended March 31, 2010.

20. RISKS AND UNCERTAINTIES

There are risks and uncertainties with the business operation and results of the company. The following factors should be considered in addition to other information contained in this document.

a. Currency Fluctuations
Currency fluctuations can have an effect on the Company's revenue and profit margins.

b. Seasonality and Inflation
Sales of the Company’s products are seasonal with regard to exterior coatings and in some cases will be subject to buying and funding cycles of government and public sector routines. Inflation, in recent years, has not adversely affected the Company’s results of operations and is not expected to adversely affect the Corporation in the future, unless inflation increases substantially.

c. Legal Proceedings
Management is not aware of any outstanding legal proceedings.

21. DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

As required by National Instrument 52-109, the Company's Acting Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") will be filing annual and quarterly certificates of disclosure concurrent with the filing of its annual and quarterly filings.

The Board of Directors together with an independent and qualified Audit Committee provide direct oversight responsibilities for the review of the quarterly and annual financial statements.

22. ADDITIONAL INFORMATION

Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, options to purchase securities and interest of insider in material transactions, if applicable, is contained in the Company's information circular for its most recent annual meeting of shareholders that involved the election of directors, and in the Company's comparative financial statements for its most recently completed financial year.

23. INVESTOR RELATIONS

Personnel employed directly by the Company handle all investor relations. Their duties include news releases, investor communications and general day-to-day operations of this department.

CORPORATE PROFILE

Board of Directors

David J. Hennigar, Bedford, Nova Scotia	Director, Chairman
N. Gary Van Nest, Toronto, Ontario	Director
J. Thomas MacQuarrie, Q.C., Halifax, Nova Scotia	Director
Michael G. Ryan, Halifax, Nova Scotia	Director

Corporate Officers

David J. Hennigar, Bedford, Nova Scotia	Acting Chief Executive Officer
Lorne S. MacFarlane, Dartmouth, Nova Scotia	Chief Financial Officer & Secretary

Corporate Office

190 Marycroft Avenue, Unit 5,
Woodbridge, Ontario L4L 5Y1
Tel.: (905) 264-1168
Fax: (905) 264-1169

Corporate Information

Bankers	Canadian Imperial Bank of Commerce, Woodbridge, Ontario
Lawyers	Bennett Jones LLP, Toronto, Ontario
Auditors	Millard DesLauriers & Shoemaker LLP
Transfer Agent & Registrar	Equity Transfer & Trust Company, Toronto, Ontario

Market for Securities

The Common Shares of the Corporation are listed and posted for trading on the TSX Venture Exchange under the trading symbol “AQC”.