MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED MARCH 31, 2014

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 forward-looking statements. While this MD&A reflects the year ending March 31, 2014, it also addresses key events that have occurred up to and including the date of writing on July 29, 2014.

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 www.sedar.com for additional information.

2. INTRODUCTION

The following is a discussion and analysis of the Company's results of operations and financial condition for the year ended March 31, 2014 and should be read in conjunction with its audited Consolidated Financial Statements for the year ended March 31, 2014 and the related notes thereto. The amounts included in the following discussions are expressed in Canadian dollars (unless otherwise indicated).

3. GOING CONCERN

The 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. The 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 the financial statements to reflect liquidation values of assets on a non-going concern basis as any adjustment, if required, would not have a material effect on the Company's balance sheet. Please refer to Note 2 to the Consolidated Financial Statements for the year ended March 31, 2014 for important information regarding the going concern assumption.

4. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company have been prepared by management using the accounting policies and methods as outlined in Note 3 to Consolidated Financial Statements for the year ended March 31, 2014. The consolidated financial statements have, in management's opinion, been properly prepared using judgement within reasonable limits of materiality and are in conformity with International Financial Reporting Standards.

Management of Capital

The Company defines capital that it manages as the aggregate of its note payable to a related party, amount due to related party, 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.

		Mar 31, 2014		Mar 31, 2013
Notes payable	$	**200,000**	$	200,000
Loan due to shareholder		**3,611,489**		3,381,655
Share capital		**10,340,865**		10,340,865
Contributed surplus		**5,193,806**		5,193,806
Other Comprehensive Income		**112,271**		112,271
Deficit		**(19,319,514)**		(19,503,237)
Total Capital (Deficiency)	$	**138,917**	$	(274,640)

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, 2013.

5. BUSINESS OVERVIEW

The Company is a distributor of industrial and consumer corrosion protection and graffiti resistant coating systems, marketing a range of protective coatings for steel, concrete and manufactured goods, with distribution primarily in 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 metals
- **Sure Tred** – Non slip safety coating for various pedestrian walkways
- **Armacote** – polyurethane industrial enamels for maintenance and production work
- **Armaclear Sealer** – a waterborne sealer for poured concrete, concrete block, masonry, brick, stucco surfaces
- **Armaglaze WB 6000 & 9000** - high performance 2 component urethane finishes for premium performance & protection including anti-graffiti
- **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

The Company has relied on the financial support of a major shareholder and will continue to require this support until a positive cash flow is generated from operations. The Company will continue to look at means of further reducing costs and attaining profitability.

6. OVERALL PERFORMANCE RELATING TO CURRENT OPERATIONS FOR THE YEAR ENDED MARCH 31, 2014

Revenue for the year increased by 11.3% from $184,946 in the prior year to $205,905 in the current year and is particularly reflected in a increase in sales of $19,029 in the 3rd quarter of the current year from the same period in the prior year, sales in the fourth quarter were up marginally from $35,968 in the prior year to $37,899 in the current year. Gross margin decreased by 26.6% from $65,086 in the prior year to $47,762 in the current year. Gross margin as a percentage of sales decreased to 23.2% compared to 35.2% in the prior year. The current year's figures reflect an adjustment of $18,330 for slow moving inventory items compared to an adjustment of $5,013 in the prior year.. Operating expenses for the year decreased by 6.8% from $336,454 in the prior year to $313,647 in the current year. Bank and interest charges decreased to $3,987 in the current year from $17,477 in the prior year which included late payment charge recorded by a subsidiary which has since been de-consolidated as discussed in Note 10 to Consolidated Financial Statements for the year ended March 31, 2014. The overall loss for the year decreased by 6.6% from $288,845 in the prior year to $269,872 in the current year.

7. SELECTED CONSOLIDATED FINANCIAL INFORMATION

Selected items from the Consolidated Statements of Comprehensive Income and Consolidated Balance Sheets as at March 31, 2014, March 31, 2013 and March 31, 2012:

Income Statement or Balance Sheet Item	31-Mar-14 $'s	31-Mar-13 $'s	31-Mar-12 $'s
Revenue	205,905	184,946	277,470
Cost of Sales	158,143	119,860	193,891
Gross Margin	47,762	65,086	83,579
General Expenses	313,647	336,454	319,146
Net Operating Income/(Loss) before deducting interest, amortization and	(265,885)	(271,368)	(235,567)
Interest, amortization and other items	(449,609)	17,477	40,192
Net Income/(Loss)	183,724	(288,845)	(275,759)
Cash (Overdraft)	14,527	3,364	(10,850)
Accounts receivable	21,992	42,429	47,690
Inventory – Raw materials	33,411	45,643	57,073
Inventory – Finished Goods	17,922	35,025	10,981
Accounts payable	72,053	523,142	526,271
Notes Payable	200,000	200,000	200,000
Related party advances	3,611,489	3,381,655	3,067,329
Shareholders Equity (Deficiency)	(3,672,572)	(3,856,295)	(3,567,551)

All assets are located in Ontario and are subject to the general security agreement discussed in Note 7 to the March 31, 2014 financial statements.

8. CASH

Cash represents cash on deposit less issued and outstanding cheques. Cash increased to $14,527 in the current year from $3,364 in the prior year. These balances are related to the timing of the receipt of funding and the release of cheques.

9. ACCOUNTS RECEIVABLE

Accounts receivable decreased by 48.2% from $42,429 in the prior year to $21,992 at the end of the current year. The amounts reflect provision for bad debt of $8,296 in the current year and $13,649 in the prior year.

10. INVENTORY

Raw material inventories decreased by 26.8% from $45,643 in the prior year to $21,992 at the end of the current year and finished goods inventory increased by 48.8% from $35,025 in the prior year to $17,922 at the end of the current year. Inventory levels reflect an adjustment of $5,013 in the prior year and $18,330 in the current year for slow moving inventory items.

Inventory levels fluctuate during a period depending on the timing of purchases and product manufacturing. Raw Material levels in particular vary from period to period resulting from the volume of purchases required in order to obtain reasonable pricing and the purchase of raw materials in advance of known price increases.

11. ACCOUNTS PAYABLE

Accounts payable decreased from $523,142 in the prior year to $72,053 at the end of the current year. The change in payables reflects the write-off of the liabilities of a defunct subsidiary as discussed in Note 10 to Consolidated Financial Statements for the year ended March 31, 2014.

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 PARTY

During the current period, sales and marketing efforts were funded by advances from a company controlled by a major shareholder. The amount due to related party increased by 6.8%, from $3,381,655 in the prior year to $3,611,489 at the end of the current period. Please refer to Note 11 to Consolidated Financial Statements for the year ended March 31, 2014 for pertinent information pertaining to this liability.

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14. SELECTED QUARTERLY FINANCIAL DATA

The table below presents selected financial data for each of the eight quarters ending March 31, 2014

	31-Mar 2014 $'s	31-Dec 2013 $'s	30-Sep 2013 $'s	30-Jun 2013 $'s	31-Mar 2013 $'s	31-Dec 2012 $'s	30-Sep 2012 $'s	30-Jun 2012 $'s
Revenue	37,899	59,092	56,579	52,336	35,968	43,903	62,282	42,793
Cost of Goods Sold	47,607	43,505	33,051	33,980	23,402	31,021	35,036	30,401
Gross Margin	(9,708)	15,587	23,528	18,356	12,566	12,882	27,246	12,392
Selling, general and administrative	86,846	77,336	72,464	77,001	81,159	71,990	89,755	93,550
Amortization	231	231	232	231	304	304	303	304
Interest and bank charges	6,390	6,513	6,413	6,315	4,227	6,712	6,513	5,556
Interest income	-	-	-	(103)	-	-	-	-
Gain on settlement of debt	(476,060)	-	-	-	(6,746)	-	-	-
	(382,593)	84,080	79,109	83,444	78,944	79,006	96,571	99,410
Net Profit (Loss)	372,884	(68,493)	(55,581)	(65,088)	(66,378)	(66,124)	(69,325)	(87,018)
Other Comprehensive Income (Loss)	-	-	-	-	-	1,830	(3,975)	2,246
Total comprehensive income (Loss)	372,884	(68,493)	(55,581)	(65,088)	(66,378)	(64,294)	(73,300)	(84,772)

Operating Loss

The net operating income for the 4th quarter ended March 31, 2014, was $372,884 ($0.00 per share), compare to a net loss of $66,378 ($0.00 per share) in the 4th quarter in the prior year. The income in the 4th quarter in the current year reflects the write off of accounts payable from prior years and included an inventory adjustment of $12,833 and a provision for bad debts of $8,296. The prior year's loss included an inventory adjustment of $5,013 and a provision for bad debts of $13,649. As of March 31, 2014 and March 31, 2013 there were 107,948,144 shares outstanding.

Discussion of Selected Financial Data

As discussed in Note 6 above revenue increased by 11.3% from the prior year. Sales in the 4th quarter increased by 5.4% from $35,968 in the 4th quarter last the prior year to $37,899 in the current year.

Selling, general and administrative expenses in the 4th quarter increased 7.0% from $81,159 in the prior year to $86,846 in the current year.

Interest expense in the 4th quarter increased 51.2% from $4,227 in the prior year to $6,390 in the current year.

The gain on settlement of debt in the current year was $476,060 compared to $6,476 in the prior year. The gain in the current year is discussed in detail in Note 10 to the March 31, 2014 Consolidated financial Statements.

As discussed in Note 19 below and in Note 9 to the March 31, 2014 Consolidated Financial Statements, Other Comprehensive Income represents the unrealized gain on Long-term investments. This investment is currently valued at C$1 per share and in previous periods had been valued at US$1 per share with the quarterly changes in Other Comprehensive Income reflecting changes in foreign exchanges rates.

15. TRANSACTIONS WITH RELATED PARTY

As discussed in Note 13 above, the Company has historically funded its activities through the sale of Common shares and advances from a company controlled by a major shareholder. During the current period sales and marketing efforts were funded from the proceeds of shareholder and related party advances.

16. CONTRACTUAL 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. LONG-TERM INVESTMENTS

Woodland Biofuels Inc ("Woodland")

The Company holds 112,272 shares in Woodland which were previously included at a nominal value since no readily available market existed for the shares. Woodland completed a private placement of 4,000,000 shares in December 2010 at a price of US$1.00 per share and another private placement of 100,000 shares in September 2011 at a price of $1.00 per share. The Company has used these two valuations as the basis for calculating Other Comprehensive Income for the years ending March 31, 2014 and March 31, 2013.

In Q3 and Q4 2012 Woodland issued 2,726,900 units at C$1.00 per unit (each unit comprising one common share and one warrant exercisable at $1.50 per share for a 4 year period) and is committed to issue a further 810,200 shares at C$1.00 per share. The Company is now using the most recent share issue price as the basis for the fair value measurement of the investment in Woodland. The changes between the values on the balance sheet dates are recorded in other comprehensive income for the year ended March 31, 2013 and March 31, 2014.

The long term investment is discussed in further detail in Note 9 to the Consolidated Financial Statements for the year ended March 31, 2014.

20. RISKS AND UNCERTAINTIES

There are risks and uncertainties with the business operation and results of the Company and those risks are discussed in detail in Note 17 to the Consolidated Financial Statements for the year ended March 31, 2014. The following factors should be considered in addition to other information contained in this document.

a. Seasonality and Inflation

Sales of the Company's products are seasonal with regard to exterior coatings and in some cases are 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 Company in the future, unless inflation increases substantially.

b. Legal Proceedings

Aquarius Coatings Inc. is named as a party Defendant to Plaintiff's Claim and a Defendant's Claim in the Small Claims Court at Toronto, Court File No. SC-13-027795. Buttcon Limited, a corporation whose head office is in Concord, ON, is seeking $25,000.00 plus costs, plus pre-judgment and post-judgment interest against four parties (2 subcontractors and 2 product manufacturers of which Aquarius is one) for deficient work on a job-site which it entered into a contract with one of the sub-contractors to carry out. Buttcon, the Contractor, and the sub-contractor, Paintbox Inc., claim that the deficiencies of the work are the result of either or a combination of the failure of sub-contractors (including Paintbox Inc.) retained by the contractor, Buttcon, to properly prepare the areas upon which the work was done and/ or that the products provided by PPG Architectural Coatings Canada, Inc. and/or Aquarius Coatings Inc. were deficient. PPG and Aquarius maintain that their products were not faulty and that the deficiencies stem from the improper preparation of the areas to which the product was applied by Buttcon's sub-contractors and or the improper preparation and use of the products by the 2 defendant sub-contractors. At a settlement conference on July 28, 2014 the parties agreed to settle all outstanding items pertaining to this action and the company agreed to pay $3,000 as their portion of this settlement.

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 insiders 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	Collins Barrow Toronto LLP, Toronto, Ontario
Transfer Agent & Registrar	TMX Equity Transfer Services Inc., Toronto, Ontario

Market for Securities

The Common Shares of the Company are listed and posted for trading on the TSX Venture Exchange under the trading symbol "AQC".