



MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED MARCH 31, 2015

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, 2015, it also addresses key events that have occurred up to and including the date of writing on July 27 2015.

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 the Company's documents filed on 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 three year ended March 31, 2015 and should be read in conjunction with its audited Consolidated Financial Statements for the year ended March 31, 2015 and the related notes thereto (the "Consolidated Financial Statements"). The amounts included in the following discussions are expressed in Canadian dollars (unless otherwise indicated).

3. GOING CONCERN

The Consolidated 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 Consolidated 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 effect on the corporation's balance sheet. Please refer to Note 2 to the Consolidated Financial Statements 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, 2015. 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 ("IFRS").

5. BUSINESS OVERVIEW

As of August 1, 2014 the Company entered into an agreement to sell certain assets of the Company, namely Inventory, Equipment, Intellectual Property, Material Contracts and Customer Lists. The transaction closed on September 5, 2014 and details of the transaction are outlined in Note 4 – DISCONTINUED OPERATIONS to the Consolidated Financial Statements. As a result of this sale the Company is no longer in the distribution of industrial and consumer protective coatings but it does retain a royalty interest on sales of the Company's former products for a 3 year period.

The Company is currently investigating other business opportunities and will make the necessary disclosures when any opportunity presents itself.

6. OVERALL PERFORMANCE RELATING TO OPERATIONS FOR YEAR ENDING MARCH 31, 2015

Continuing operations

There were no revenues from continuing operations in either the current year or in the prior year. General and administrative expenses in the year under review were \$32,018 compared to \$45,428 in the prior year. Bank charges and interest were \$1,666 in the year under review compared to \$28,863 in the year, which included interest on the debt of a subsidiary which has since been written off. Amortization expense was \$378 compared to \$324 in the prior year.

Discontinued operations

The loss from (now) discontinued operations was \$215,990 in the current year compared to a loss of \$222,825 in the prior year. Discontinued operations are discussed in more detail in Note 4 to the Consolidated Financial Statements.

7. SELECTED CONSOLIDATED FINANCIAL INFORMATION

Selected items from the Consolidated Balance Sheets as at March 31, 2015, March 31 2014 and March 31 2013:

Balance Sheet Item	31-Mar-15 \$'s	31-Mar-14 \$'s	31-Mar-13 \$'s
Cash (Overdraft)	19,963	14,527	3,364
Accounts receivable	8,754	21,992	42,429
Inventory – Raw materials	-	33,411	45,643
Inventory – Finished Goods	-	17,922	35,025
Accounts payable	53,910	72,053	523,142
Notes Payable	200,000	200,000	200,000
Related party advances	3,801,500	3,611,489	3,381,655
Shareholders Equity (Deficiency)	(3,914,044)	(3,672,572)	(3,856,295)

All assets are now located in Nova Scotia and are subject to the General Security Agreement discussed in Note 8 to the Consolidated Financial Statements.

8. CASH

Cash represents cash on deposit less outstanding cheques. Cash increased to \$19,963 in the current year from \$14,527 in the prior year.

9. ACCOUNTS RECEIVABLE

Accounts receivable decreased by 60.2% to \$8,754 at the end of the current year compared to \$21,992 at the end of the prior year.

10. INVENTORY

Inventories have now been sold as discussed in Note 4 – DISCONTINUED OPERATIONS to the Consolidated Financial Statements.

11. ACCOUNTS PAYABLE

Accounts payable decreased by 25.2% from \$72,053 at the end of the prior year to \$53,910 at the end of the current year.

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.

13. RELATED PARTY TRANSACTIONS

During the year operations were funded from the proceeds of shareholder and related party advances. The amount due to related party increased by 5.3%, to \$3,801,501 at March 31, 2015 compared to \$3,611,489 at the end of the prior year. Please refer to Note 8 in the Consolidated Financial Statements for pertinent information pertaining to the related party transactions.

14. SELECTED QUARTERLY FINANCIAL DATA

The table below presents selected financial data for each of the eight quarters ending March 31 2015:

	31-Mar 2015 \$'s	31-Dec 2014 \$'s	30-Sep 2014 \$'s	30-Jun 2014 \$'s	31-Mar 2014 \$'s	31-Dec 2013 \$'s	30-Sep 2013 \$'s	30-Jun 2013 \$'s
Continuing operations								
Expenses								
General and administrative	11,018	5,739	8,507	6,755	16,739	10,188	11,773	6,728
Amortization	94	94	132	57	81	81	81	81
Interest and bank charges	490	519	341	317	6,002	6,051	5,975	5,836
Royalty income	(3,788)	(4,792)	-	-	-	-	-	(103)
Interest income	-	-	-	-	-	-	-	-
Gain on settlement of debt	-	-	-	-	(476,060)	-	-	-
	7,814	1,560	8,980	7,128	(453,238)	16,319	17,829	12,542
Net Income (Loss) from continuing operations	(7,814)	(1,560)	(8,980)	(7,128)	453,238	(16,319)	(17,829)	(12,542)
Discontinued operations								
Sales	527	(90)	62,596	32,875	37,899	59,092	56,579	52,336
Cost of sales	5,000	-	37,126	22,467	47,607	43,505	33,051	33,980
Gross Margin	(4,473)	(90)	25,470	10,408	(9,708)	15,587	23,528	18,356
Expenses								
Selling, general and administrative	1,482	436	194,145	61,098	70,106	67,148	60,691	70,273
Bank Charges and Interest	-	-	266	370	388	462	438	479
Amortization	-	-	-	120	150	150	151	150
Gain on disposal of assets	-	-	(10,614)	-	-	-	-	-
	1,482	436	183,798	61,589	70,645	67,761	61,280	70,902
Net income (loss) from discontinued operation	(5,955)	(526)	(158,328)	(51,181)	(80,353)	(52,173)	(37,752)	(52,546)
Total income (loss)	(13,770)	(2,086)	(167,307)	(58,309)	372,885	(68,493)	(55,581)	(65,088)
Other Comprehensive Income (Loss)	-	-	-	-	-	-	-	-
Total comprehensive income (Loss)	(13,770)	(2,086)	(167,307)	(58,309)	372,885	(68,493)	(55,581)	(65,088)

Discussion of Selected Financial Data Continuing operations

The net loss for the three months ended March 31 2015 from continuing operations, excluding Other Comprehensive Income, was \$7,814 (\$0.00 per share), for the same period in the previous year the net income, including the write-off of account payable in the amount of \$475,060, was \$453,238 (\$0.004 per share). As of March 31, 2015 and March 31, 2014 there were 107,948,144 shares outstanding.

Royalty income in the Fourth Quarter was \$3,788 compared to \$nil in the prior year comparative period

There was no Other Comprehensive Income in either the period under review or in the comparative period of the prior year.

14. SELECTED QUARTERLY FINANCIAL DATA (cont'd)

Discontinued Operations

Sales for the Fourth Quarter were \$527 compared to \$37,899 in the same period in the prior year.

The Cost of Sales in the Fourth Quarter were \$5,000 compared to \$47,607 in the prior year comparative period.

The Selling, general and administrative expenses for the period under review were \$1,482 compared to \$70,106 in the comparative period of the prior year.

The loss from discontinued operations in the Fourth Quarter was \$5,955 compared to a loss of \$80,353 in the prior year comparative period.

15. TRANSACTIONS WITH RELATED PARTIES

The Company has historically funded its activities through the sale of Common shares and advances from a major shareholder. During the period under review, sales and marketing efforts were funded from the proceeds of shareholder and related party advances (see Note 8 of the Consolidated Financial Statements).

16. 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.

	Mar 31, 2015	Mar 31, 2014
	\$	\$
Notes payable	200,000	200,000
Loan due to shareholder	3,801,500	3,611,489
Share capital	10,340,865	10,340,865
Contributed surplus	5,193,806	5,193,806
Accumulated other comprehensive income	112,271	112,271
Deficit	(19,560,986)	(19,319,514)
Total Capital (Deficiency)	87,456	138,917

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, 2014.

17. CONTRACTUAL OBLIGATIONS

The Company has no long term lease commitments and has no capitalized lease commitments.

18. CAPITAL RESOURCES

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

19. OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

20. LONG-TERM INVESTMENTS

Woodland Biofuels Inc. ("Woodland")

The Company holds 112,272 shares in Woodland; further details appear in Note 10 of the notes to the Consolidated Financial Statements.

21. 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, 2015

22. 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.

23. LISTING SUSPENSION

The Company's shares have been suspended from trading on the TSX Venture Exchange (the "TSXV") effective November 3, 2014, for failure to comply with Exchange Requirements. The Company is addressing the issues raised and will make submissions in order to respond to requirements of a Compliance Review by the TSX-V. There can be no assurance that the Company will be able to meet the requirements of the TSX-V Compliance Review.

24. SHARE CAPITAL

As at March 31, 2015, and at the date of this Report, there were 107,948,144 issued and outstanding common shares (March 31, 2014 - 107,948,144). There are no other shares of any class or series, and no Warrants or Incentive Stock Options issued or outstanding. See Note 11 to the Consolidated Financial Statements for the period ended March 31, 2015, for details of certain transactions in relation to the issued and outstanding share capital that have not, as at March 31, 2015 or up to the date of this Report, been implemented.

25. ADDITIONAL INFORMATION

Additional information may be found in the Company's documents filed on SEDAR, at www.sedar.com.

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
Christopher H. Freeman, King City, Ontario	Secretary

Corporate Office

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Corporate Information

Bankers	Canadian Imperial Bank of Commerce, Woodbridge, Ontario
Lawyers	C. H. Freeman, Barrister & Solicitor, King City, Ontario
Auditors	Collins Barrow Toronto LLP, Toronto, Ontario
Transfer Agent & Registrar	TMX Equity Transfer Services Inc., Toronto, Ontario