

**COMPEL CAPITAL INC.  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
ANNUAL AUDITED**

**INTRODUCTION**

The following sets out the Management's Discussion and Analysis ("MD&A") of results of operations and financial condition of Compel Capital Inc. (the "Company", "Compel", "our" and "we") describes the operating and financial results of the Company for the year ended December 31, 2011. The MD&A should be read in conjunction with the Company's Audited financial statements and related notes for the quarter ending December 31, 2011. The Corporation prepares and files its financial statements in accordance with the new International Financial Reporting Standards ("IFRS"). All dollar amounts herein are in Canadian currency unless otherwise specified. Additional information regarding the Company is available on the SEDAR website at [www.SEDAR.com](http://www.SEDAR.com).

**FORWARD-LOOKING STATEMENTS**

Some statements contained in this MD&A are forward-looking statements, and therefore involve uncertainties or risks that could cause actual results to differ materially. These statements are based on the Corporation's expectations, estimates and projections regarding its business and the economic environments in which it operates, and readers should not place undue reliance on such statements. The Corporation disclaims any obligation to update forward-looking statements.

**DATE OF MD & A**

This MD & A was prepared on April 25, 2012.

**OVERVIEW**

Compel is a publicly held corporation and was incorporated on December 20, 1945 in Ontario. On April 30, 2008 the Ontario Securities Commission ("OSC") issued an order (the "Order") revoking the cease trade order (the "CTO") which was issued by the OSC in 1993.

On July 24, 2008 at a Special Meeting of Shareholders, the shareholders voted to change the company name from Slocan Rambler (1947) Mines Limited to Compel Capital Inc., consolidate the shares on the basis of a factor of one new common share in the capital of the Company for three existing common shares and to increase the authorized capital of the Company to an unlimited number of common shares without par value. The shareholders approved all of these resolutions.

On July 6, 2010 the Company agreed to issue a total of 1,494,660 common shares to certain of the Company's debt-holders at an ascribed price of \$0.10 per share in full and final settlement of \$149,466 principal amount of unsecured debt (the "Debt Settlement Transaction").

The Company is inactive. The Company has no revenues and the expenses incurred are all related to maintaining the Company's status as a public issuer Company.

## FINANCIAL PERFORMANCE

The following tables set out financial performance highlights for the year ended December 31, 2011 and 2010 in accordance with IFRS.

For the year ended Dec 31	2011	2010
Revenue	\$ Nil	\$Nil
Transfer agent and filing fees	\$ 257	\$ 4,348
General and administrative	\$ 7,892	\$ 19,578
Net loss	\$(8,149)	\$(23,926)
Basic and diluted loss per share	\$(0.004)	\$(0.018)
Assets	\$Nil	\$Nil
Liabilities	\$ 20,407	\$ 12,258

## RESULTS OF OPERATIONS

### December 31, 2011 - 2010

The Company is inactive. The Company has no revenues and the expenses incurred are all related to maintaining the Company's status as a public issuer Company. The above reflects the Company's liabilities at December 31 for the years indicated. The changes in the Company's liabilities are related mainly to accrued professional fees in order for the Company to maintain its status as a public issuer. For more detailed information see the Company's audited financial statements.

### Summary of Quarterly Results to December 31, 2011

	Dec 31, 2011	Sep 30, 2011	Jun 30, 2011	Mar 31, 2011	Dec 31, 2010	Sep 30, 2010	Jun 30, 2010	Mar 31, 2010
Total Revenue	\$NIL	\$NIL	\$NIL	\$NIL	\$NIL	\$NIL	\$NIL	\$NIL
Net Loss	(\$11,014)	(\$300)	(\$74)	(\$7,988)	(\$1,084)	(\$1,550)	(\$11,965)	(\$3,168)
Loss per Share - Basic and Diluted	(\$0.0005)	(\$0.0000)	(\$0.0000)	(\$0.003)	(\$0.002)	(\$0.002)	(\$0.019)	(\$0.005)

## TWELVE MONTHS ENDED DECEMBER 31, 2011 COMPARED TO THE TWELVE MONTHS ENDED DECEMBER 31, 2010

Revenues: The Company is inactive and has no revenues.

Expenses: Expenses for the twelve months ended are \$8,149, a decrease of \$15,777 over the amount of \$ 23,926 for the twelve months ended December 31, 2010. These amounts are for professional fees, consulting fees and transfer agent and filing fees.

Net loss: The Company has incurred a net loss of \$ 8,149 for the twelve months ended December 31, 2011, a decrease of \$15,777 over the amount of \$23,926 for the twelve months ended December 31, 2010.

## **PROPOSED TRANSACTIONS**

There are no proposed transactions.

## **FINANCIAL INSTRUMENTS**

The Company has classified its financial instruments as follows:

<u>Financial Instrument</u>	<u>Classification</u>
Accounts payable and accrued liabilities	Other liabilities
Loan payable	Other liabilities

The carrying values of accounts payable and accrued liabilities and loans payable approximate fair values due to the relatively short term maturities of these instruments.

## **FINANCIAL RISK MANAGEMENT – LIQUIDITY RISK**

Risk management is the responsibility of management who is of the opinion that the Company is not exposed to financial risks by virtue of its inactivity. The Company is not exposed to currency risk, credit risk or interest rate risk.

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. As at December 31, 2011, the Company has current liabilities of \$ 20,407 and no assets. As a result, the Company is dependent on obtaining additional financing to meet its current obligations.

## **CAPITAL RISK MANAGEMENT**

The Company considers capital stock and deficit to represent capital. As at December 31, 2011, the Company has a negative capital balance and management's objective is to maintain its ability to continue as a going concern by identifying sources for additional financing for working capital and to fund the development of a business.

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the year ended December 31, 2011.

## **OFF BALANCE SHEET ACTIVITIES**

At December 31, 2011, the Company had no off balance sheet financial commitments and does not anticipate entering into any contracts of such nature other than the addition of new operating leases for equipment and premises as may be required in the normal course of business.

## **RELATED PARTY TRANSACTIONS**

Related parties include the Board of Directors, close family members and entities which are controlled by these individuals as well as certain persons performing similar functions. The shareholder described in Note 4 is a related party as this individual is a director. A loan was provided to the Company in the amount of \$4,410 (December 31, 2010- \$Nil) (January 1, 2010 - \$63,883).

## **RELATED PARTY TRANSACTIONS (Cont'd)**

Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties). Included in general and administration expense is interest expense of \$280 (2010 - \$Nil) incurred to a shareholder and director of the Company. This interest expense relates to amounts accrued to a shareholder and director of the Company.

### **Loans payable**

The loan payable in the amount of \$4,410 (December 31, 2010 - \$Nil) (January 1, 2010 - \$63,883) is due to a shareholder and director. The loan bears interest at 10% per annum, is unsecured and due on demand. Included in this loan payable amount is interest owing of \$280 (December 31, 2010 and January 1, 2010 - \$Nil).

The loan payable on January 1, 2010 was settled through the issuance of shares.

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

As at the date of the MD&A, there have been no changes in the Company's accounting policies except as disclosed below and the Company has not provided any forward-looking statements or estimates related to future operations other than as described below.

## **RECENT ACCOUNTING PRONOUNCEMENTS ISSUED AND NOT YET APPLIED**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after December 31, 2011 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the list below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

- (a) IFRS 9 Financial Instruments was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015.
- (b) IFRS 10 Consolidated Financial Statements was issued by the IASB in May 2011. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 replaces the consolidation requirements in SIC 12 Consolidation—Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements and is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

## **RECENT ACCOUNTING PRONOUNCEMENTS ISSUED AND NOT YET APPLIED** (Cont'd)

- (c) IFRS 11 Joint Arrangements was issued by the IASB in May 2011. IFRS 11 provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities Non Monetary Contributions by Venturers, and is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.
- (d) IFRS 12 Disclosure of Interests in Other Entities was issued by the IASB in May 2011. IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.
- (e) IFRS 13 Fair Value Measurement was issued by the IASB in May 2011. IFRS 13 establishes new guidance on fair value measurement and disclosure requirements for IFRSs and US generally accepted accounting principles (GAAP). The guidance, set out in IFRS 13 and an update to Topic 820 in the FASB's Accounting Standards Codification (formerly referred to as SFAS 157), completes a major project of the boards' joint work to improve IFRSs and US GAAP and to bring about their convergence. The standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.
- (f) IAS 1 Presentation of Financial Statements was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012.

## **INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")**

The Company adopted IFRS on January 1, 2011 with an effective date of January 1, 2010. IFRS 1 First-Time Adoption of IFRS ("IFRS 1") has been applied. The Company has consistently applied the same accounting policies in its opening IFRS balance sheet at January 1, 2010 and throughout all periods presented, as if these policies had always been in effect. Given that the Company is inactive and given the limited number of transactions that the Company has entered into in the past and the Company's previous accounting policies, the adoption of IFRS had no impact on the Company's financial position, financial performance and cash flows. Note 11 to the financial statements provides further detail of the Company's transition to IFRS.

## **CONTROLS AND PROCEDURES**

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements in accordance with accounting principles generally accepted in Canada. Based on a review of its internal control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures, for the nature and size of the entity, are effective in providing reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner.

Management is also responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company, is made known to the Company's certifying officers. Management has evaluated the effectiveness of the Company's disclosure controls and procedures and has concluded that these controls and procedures are effective, for the nature and size of the entity, in providing reasonable assurance that material information relating to the Company is made known to them by others within the Company.

## **OUTSTANDING SHARE DATA**

### **Common shares**

As at December 31, 2011 the Company had 2,127,288 common shares issued and outstanding (2010 – 2,127,288).

### **Stock options and share purchase warrants**

As at December 31, 2011 and 2010, there were no issued and outstanding and stock options or warrants.

## **OFFICERS AND DIRECTORS OF THE COMPANY**

As at September 30, 2011 the officers and directors of the Company include:

Rob Saltsman - P resident and Director  
Martin Bernholtz - CFO and Director  
Michael Frank - Director

## **ADDITIONAL INFORMATION**

Additional information relating to the Company is available at:

- On the Internet at the SEDAR website at [www.sedar.com](http://www.sedar.com) or,
- By contacting Rob Saltsman at 416-402-2428