## 1.1 Date

This Management's Discussion and Analysis ("MD&A") provides a review of the significant developments and issues that influenced the Company during three and nine months ended October 31, 2011 and 2010. This MD&A should be read in conjunction with the unaudited consolidated financial statements of Maple Leaf Reforestation Inc. ("Maple Leaf" or the "Company") for the three and nine months ended October 31, 2011 and the audited consolidated financial statements of the Company for the year ended January 31, 2011.

This MD&A contains information up to and including December 11, 2011. Unless otherwise indicated, in this MD&A all references to "dollar" or the use of the symbol "$" are to the Canadian dollar, all references to "RMB¥" are to the Renminbi, which is the legal currency in the People's Republic of China ("China").

Additional information relating to Maple Leaf is available on SEDAR at www.sedar.com and on Maple Leaf's website at www.mlreforestation.com.

*Except for statements of historical fact relating to the Company, certain information contained herein constitutes forward-looking statements. This MD&A contains forward-looking statements which reflect management's expectations regarding Maple Leaf's future growth, results of operations, performance, business prospects and opportunities. Words such as "expects", "anticipates", "intends", "plans", "believes", "estimates", or similar expressions, are forward-looking statements within the meaning of securities laws. Forward-looking statements include, without limitation, the information concerning possible or assumed future results of operations of Maple Leaf. These statements are not historical facts but instead represent only Maple Leaf's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions and risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements. In addition to the factors that Maple Leaf currently believes to be material such as, but not limited to, its ability to obtain adequate working capital, its ability to secure purchase contracts relating to its various operations, the cyclical nature of the industry within which it operates and price fluctuations in the demand and supply of the products it produces, its reliance on joint venture partners, authorized intermediaries, key customers, suppliers and third party service providers, its ability to operate its production facilities on a profitable basis, changes in currency exchange rates and interest rates, evaluation of its provision for income and related taxes and the PRC economic, political and social conditions and government policy, as well as other factors, such as general, economic and business conditions and opportunities available to or pursued by Maple Leaf, which are not currently viewed as material but could cause actual results to differ materially from those described in the forward-looking statements. Although Maple Leaf has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors and risks that cause actions, events or results not anticipated, estimated or intended. Accordingly, readers should not place any undue reliance on forward-looking statements as such information may not be appropriate for other purposes.*

*Maple Leaf maintains a forward-looking statement database which is reviewed by management on a regular basis to ensure that no material change has occurred with respect to such forecasts. The Company will publicly disclose such material changes to its forward-looking statements as soon as they are known to management.*

## 1.2 Business Overview

Maple Leaf, a development stage company, is devoting substantially all of its efforts to establishing businesses to plant and sell young tree seedlings and Yellowhorn seeds and seedlings in China. Its planned principle operation has not reached its designed capacity and as a result, significant revenue has not been generated. The Company's projects and the underlying value and the recoverability of the amounts invested in these projects are entirely dependent upon the survival ability of the seedlings, the Company's ability to secure sales contracts for such seedlings and its ability to obtain financing to complete the necessary project development needed to achieve future profitable production of young trees.

### 1.2.1 Greenhouse Operation

The 110,000 square foot greenhouse was constructed in Inner Mongolia, China and is operated by the Company's 100% owned subsidiary, *Inner Mongolia Maple Leaf Reforestation Ltd*. The greenhouse's maximum growing capacity is 24 million seedlings per annum, but it produces 18 million seedlings under normal operating conditions. However, due to limited financial resources, the operation of the greenhouse is not able to achieve what would be its normal capacity, and as a result, the operation from the greenhouse is still in a loss position.

During the nine months ended October 31, 2011, sales from the greenhouse operation were $231,091 (same period last year - $522,206) and a negative gross margin of $19,547 (same period last year – positive $21,988) was realized. A net loss of $385,068 was recorded from the greenhouse operation for the nine months ended October 31, 2011.

Maple Leaf is continuously undertaking efforts to grow its customer base with respect to seedling sales. Maple Leaf maintains sales personnel in Inner Mongolia, China who market the seedlings available from the greenhouse. Marketing efforts are primarily focused on government entities.

In February 2011, the Company was presented with a lease agreement from the Liang Cheng County Forestry Department, Inner Mongolia, China ("Liang Cheng") to lease a 110,000 square foot greenhouse, including 17 acres of adjacent useable land, for 10 years, for an annual lease payment of approximately $45,000 (RMB¥ 300,000) to double its greenhouse capacity and expand the greenhouse operation in Inner Mongolia, China. The lease agreement has still not been entered as Maple Leaf is reviewing its options with respect to accessing additional greenhouse space. Liang Cheng has also agreed to purchase 100 million seedlings over the next 5 years from the Company to commence when it begins operating additional greenhouse space and becomes capable of fulfilling the orders.

### 1.2.2 Yellowhorn Tree Farm Operation

The bio-diesel industry around the world has been flourishing and demand for feedstock oil has been increasing, however it has been lagging in China. The Company's knowledge and involvement in Yellowhorn trees has led to it being approached by North American entities that require Yellowhorn seedlings.

During the nine months ended October 31, 2011, the Company's operation in Yellowhorn tree farming was inactive. Maple Leaf continues to pursue operational opportunities relating to Yellowhorn trees and the bio-diesel industry.

In July 2011, the Company signed an agreement to acquire assets from KS Ecology (Canada) Inc. ("KS"), a Vancouver-based private Yellowhorn plantation company with operations in China (the "Agreement"). Pursuant to the Agreement Maple Leaf would acquire three Yellowhorn plantations and nurseries in China, with associated assets, two located in the city of JiaoZuo, Henan Province (80% interest) and one in the city of Beijing, China (100% interest) (the "Assets"). The additional 20% interest in the Henan assets is owned by the on-site operator of the Assets, who is party to a joint-venture arrangement with KS. The Agreement gives Maple Leaf the ability to re-negotiate the joint-venture agreement on the Henan assets or seek to buy-out the 20% partner.

The Assets would be purchased at a deemed value of Cdn $2,019,600 (RMB¥ 13,733,200) (the "Purchase Price"). The Purchase Price would be satisfied by Maple Leaf by issuing from its treasury 13,464,000 common shares at a deemed value of $0.15 per share (the "Shares"). Maple Leaf would be required to issue 8,976,000 of the Shares upon closing and would withhold 4,488,000 of the Shares until the date that is one year from closing. Maple Leaf would only be required to issue the 4,488,000 Shares if it is satisfied with the performance of the Assets, however it would not be permitted to withhold the second tranche of the Shares based on commercially unreasonable expectations regarding the performance of the Assets.

Maple Leaf is currently undertaking due diligence with respect to the Assets, which it has until January 27, 2012 to complete. Maple Leaf is permitted to walk-away from the Agreement entirely and at no cost if it deems that the Assets are primarily inconsistent with the details provided by KS or if Maple Leaf is not satisfied that KS owns, possesses and has good marketable title to the Assets.

### 1.2.3 Other Developments

*Joint Venture to Build Solid Waste Power Generation Plants*

In December, 2010, the Company entered into a Joint Venture Agreement with CF Lacey & Associates Inc. ("Lacey") of Victoria, B.C. (the "Agreement"), to construct and develop municipal solid waste ("MSW") operations in Inner Mongolia, China. The Company is no longer pursuing the Joint Venture with Lacey.

As of the date of this MD&A, the Company was in dispute with Lacey with respect to the planned joint venture project. Lacey has claimed that the Company breached its obligations pursuant to the Agreement. Lacey has also claimed that it is owed consulting fees incurred in pursuit of the Joint Venture. Management of the Company believes Lacey's claims have no merit because it upheld its obligations pursuant to the Agreement and Lacey has no entitlement for any fees associated with pursuit of the project contemplated by the Joint Venture. Maple Leaf and Lacey have both engaged legal representation to pursue resolution of this matter.

*Financing Efforts*

In June 2011, the Company secured a $5 million equity funding facility (the "Facility") from Centurion Private Equity, LLC ("Centurion"), an institutional investor managed by Roswell Capital Partners, LLC ("Roswell"), of Atlanta, Georgia. At its sole discretion, Maple Leaf will be able to draw-down funds through the Facility over a period of 36 months by issuing common shares to Centurion. Each draw-down will be triggered by Maple Leaf upon the issuance of a draw-down notice to Centurion. Shares purchased by Centurion will be issued at prices derived from calculations that assess the volume-weighted average closing prices of Maple Leaf's shares during a 15-day period following Maple Leaf issuing a draw-down notice to Centurion. In addition, each draw-down notice will include a floor price that will be set by Maple Leaf, below which Maple Leaf will not be required to issue shares pursuant to its draw-down notice.

The Facility is subject to Maple Leaf obtaining a receipt for a final short form base shelf prospectus from the Alberta Securities Commission and receiving the approval of the TSX Venture Exchange. To date the Company has not filed the documentation required to receive such a receipt, however it continues to review doing so in the future.

The Company is continuously pursuing additional means of financing to permit the development and expansion of its operations and projects.

### 1.2.4 Subsequent Events

In November 2011, the Company announced that *Inner Mongolia Ordos City Zhungeer Chak Island Co., Ltd*. ("Zhungeer") agreed to purchase 3 million Scots Pine seedlings at 1 Rmb (approximately $0.165 Cdn) per seedling. Zhungeer paid a non-refundable deposit of 100,000 Rmb (approximately $16,500 Cdn) on December 1st, 2011. The first tranche of seedlings is scheduled for delivery on March 1st, 2012.

## 1.3 Annual Financial Results

The following table sets forth selected operational results for the three most recently completed financial years ended January 31, 2011, 2010, and 2009.

| | Year ended January 31, | | |
|---|---|---|---|
| | 2011 | 2010 | 2009 |
| Total assets | $ 2,067,356 | $ 3,180,815 | $ 3,849,274 |
| Shareholders' equity | 1,525,656 | 2,172,466 | 3,613,144 |
| Dividend declared | - | - | - |
| Sales | 652,995 | 147,036 | 69,853 |
| Gross profit | 53,872 | (135,611) | (278,398) |
| Expenses | (1,731,917) | (897,399) | (1,537,861) |
| Loss from continuing operations | (1,853,448) | (1,300,589) | (1,816,259) |
| Loss on discontinued operations | (253,660) | (862,846) | (602,420) |
| Net loss | (2,107,108) | (2,163,435) | (2,418,679) |
| Basic and diluted per share from continuing operations | $ (0.03) | $ (0.02) | $ (0.04) |
| Basic and diluted per share on discontinued operations | $ (0.00) | $ (0.01) | $ (0.01) |
| Basic and diluted loss per share | $ (0.03) | $ (0.03) | $ (0.05) |

## 1.4 Quarterly Financial Results

| | Quarters ended | | | |
|---|---|---|---|---|
| | October 31, 2011 | July 31, 2011 | Apr 30, 2011 | Jan 31, 2011 |
| Sales | $ 91,416 | $ 99,064 | $ 41,520 | $ 130,789 |
| Cost of sales | (75,901) | (117,495) | (56,827) | (95,467) |
| Gross profit | 15,515 | (18,431) | (15,307) | 35,322 |
| Expenses | (217,804) | (259,531) | (308,148) | (489,935) |
| Other income and expenses | 43 | 952 | - | (196,522) |
| Write down of inventory | (538) | - | (240,909) | - |
| Loss from continuing operations | (202,784) | (277,010) | (564,364) | (651,135) |
| Income (loss) on discontinued operations | - | - | - | 191,628 |
| Net loss | $ (202,784) | $ (277,010) | $ (564,364) | $ (459,507) |
| Loss per share | $ (0.01) | $ (0.01) | $ (0.01) | $ (0.01) |

| | Quarters ended | | | |
|---|---|---|---|---|
| | October 31, 2010 | July 31, 2010 | Apr 30, 2010 | Jan 31, 2010 |
| Sales | $ 262,406 | $ 176,885 | $ 82,915 | $ 5,318 |
| Cost of sales | (256,764) | (149,190) | (97,702) | (49,771) |
| Gross profit | 5,642 | 27,695 | (14,787) | (44,453) |
| Expenses | (461,903) | (239,433) | (517,415) | (236,875) |
| Other income and expenses | 20,097 | 1,030 | - | (69,954) |
| Loss from continuing operations | (436,164) | (210,708) | (532,202) | (351,282) |
| Income (loss) on discontinued operations | (300,818) | (76,729) | (67,749) | (793,035) |
| Net loss | $ (736,982) | $ (287,437) | $ (599,951) | $ (1,144,317) |
| Loss per share | $ (0.01) | $ (0.01) | $ (0.01) | $ (0.02) |

During the year ended January 31, 2011, due to the financial difficulties and unsuccessful operation, the Company discontinued its projects in feedstock and fertilizer operations. Pursuant to IFRS 5 "non-current assets held for sale and discontinued operations", the operational results for each quarter of fiscal 2011 and 2010 have been reclassified to reflect the discontinued operations.

### 1.4.1 Three months ended October 31, 2011 (Q3 fiscal 2012)

**Net loss** in Q3 fiscal 2012 was $202,784, a decrease of $534,198, or 72% compared to the loss of $736,982 in Q3 fiscal 2011.

**Sales** in Q3 fiscal 2012 was $91,416, a decrease of $170,990, compared to the sales of $262,406 in the same quarter last year. The decrease was mainly due to lower sales.

**Cost of sales** in Q3 fiscal 2012 was $75,901, a decrease of $180,863, compared to the cost of sales of $256,764 in the same quarter last year. The decrease of cost of sales was associated with lower sales.

**Gross margin** in Q3 fiscal 2012 was $15,515 (same period last year – gross gain $5,642) which was mainly due to lower production cost.

**Expenses** in Q3 fiscal 2012 were $217,804, a decrease of $244,099, compared to expenses of $461,903 in the same quarter last year, which was mainly the result of lower stock based compensation and travel expenses.

**Other items** in Q3 fiscal 2012 were income of $43 (Q3 fiscal 2011 – income of $20,097), and loss from discontinued operations $nil (Q3 fiscal 2011 - $300,818).

### 1.4.2 Overview of operation results for other quarters

The expenses incurred by the Company are typical of a development company that has not yet established its principle operation. The Company`s expenditures fluctuating from quarter to quarter is mainly related to its acitivities conducted in estabishing and developing its operations during the respective quarter**.**

For the quarter ended July 31, 2011, the Company had only greenhouse operations and the net result was a negative gross margin of $18,431.

For the quarter ended April 30, 2011, the Company had only greenhouse operations and the net result was a negative gross margin of $15,307.

For the quarter ended January 31, 2011, the Company discontinued the operations of feedstock and fertilizer. The net results was a gain of $191,628 resulted from gain on disposal of discontinued operations $215,233 offset by a loss from discontinued operations of $23,605.

For the quarter ended October 31, 2010, the Company wrote down $218,723 of development stage costs as both the fertilizer and feedstock operation were determined not sustainable.

## 1.5 Liquidity and Capital Resources

### 1.5.1 Working Capital

As of October 31, 2011, the Company had working capital of $40,517 compared to working capital position of $242,077 at January 31, 2011. As of October 31, 2011, cash and cash equivalents decreased by $42,471 to $6,295.

At present, the Company's ability to continue as a going concern is dependent upon its ability to sell tree seedlings, and to obtain financing to cover operational costs and for expansion until such time as cash flows from its operations are sufficient to fund general costs and growth internally. If financing is sought by the Company it is most likely that it would occur by way of private placement for its common stock, however if market interest does not exist for such securities then the Company may obtain financing through other forms of security such as convertible debentures, or it may also seek to obtain debt from financial institution(s), which would be secured by the Company's Chinese assets. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. The timing and ability to fulfill this objective will depend on the liquidity of the financial markets as well as the willingness of investors to finance agricultural and renewable resource companies operating in China.

The Company currently on average burns approximately $50,000 per month, including both head office expenses and costs relating to its operations in China, and also currently has convertible debentures of $117,463 outstanding, which mature September 8, 2012. Management is presently coordintating efforts to raise more operating capital. Management plans to fund its ongoing operational costs by completing such financing efforts or by otherwise securing debt financing. The Company's greenhouse operation is also receiving funds from sales and deposits for future sales on a periodic basis, which supports the ongoing operational costs of the Company. The Company's ability to carry-out its planned business obligations and to successfully expand and grow its operations depends on its ability to raise adequate financing in the near term and achieving profitable operations in the future. If the Company is not able to raise additional funds, there would be significant doubt that the Company would be able to continue as a going concern and the operation would be required to be curtailed. The Company has historically been successful in raising capital by way of the issuance of common shares or convertible securities, and is confident that it will be able to do so going forward in order to fund its ongoing head office expenses. The Company's greenhouse operation has been consistently improving and requiring less and less funding by head office. As a result, the greenhouse has not been requiring as much capital infusion from head office as it has historically. Equity line financing possibilities are also being reviewed.

### 1.5.2 Cash flow

**Operating activities** in Q3 fiscal 2012 used cash of $137,962 (Q3 fiscal 2011 – used $454,660). The decrease of cash used in operating activities was mainly due to lower expenditures incurred.

**Investing activities** in Q3 fiscal 2012 used cash of $4,185 for purchase of equipment.

**Financing activities** in Q3 fiscal 2012 raised $55,000 short term loans.

### 1.5.3 General Contractual Commitments

Commitments are as follows:

a) The Company has entered into a land lease agreement in Inner Mongolia for a term of 50 years ending December 31, 2056. The Company is required to pay an aggregate of $148,485 (RMB¥950,000) for the whole lease term. The payment is to be made over the first 10 years and a summary of the remaining payments due are as follows:

| Year | | Annual Payments |
|---|---|---|
| 2012 | $ | 12,504 |
| 2013 | | 12,504 |
| 2014 | | 12,504 |
| 2015 | | 12,504 |
| 2016 | | 3,126 |
| Total | $ | 53,142 |

b) The Company has a lease with Dundee Canada (GP) Inc. with respect to its head office location. The lease is for a term of five years, from October 2, 2008 to September 30, 2013, and the remaining lease payment of $237,996 over the next three years is as follows:

| Year | | Annual Payments |
|---|---|---|
| 2012 | $ | 22,688 |
| 2013 | | 92,554 |
| 2014 | | 54,691 |
| Total | $ | 169,933 |

The Company is subleasing the office space to various parties to reduce its monthly operating cost.

c) The Company has a lease with Giamel Inc. with respect to its head office location. The lease is for a term of three years, from November 1, 2011 to October 31, 2014, with free rent for the first two months, and the remaining lease payment of $87,992 over the next three years is as follows:

| Year | | Annual Payments |
|---|---|---|
| 2012 | $ | 2,588 |
| 2013 | | 31,056 |
| 2014 | | 31,056 |
| 2015 | | 23,292 |
| Total | $ | 87,992 |

The Company has entered into the following month-to-month sub-lease arrangements at its head office to help reduce its monthly operating costs:

| | | | | |
|---|---|---|---|---|
| (i) Fountain Creations Inc. | - | 800 sq/ft | - | $1,000 (incl utilities & GST) |
| (ii) Sound Loft Inc. | - | 800 sq/ft | - | $1,000 (incl utilities & GST) |

d) The Company is committed to pay a management fee to its current President & C.E.O. in the amount of $90,000 annually. If terminated, the President & C.E.O. would be entitled to a termination fee equivalent to one year's full salary.

### 1.5.4 Available Sources of Funding

Historically the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements to accredited investors and institutions. The Company has issued common share capital in many of the past few years, pursuant to private placement financings and the exercise of warrants and options. The Company is also considering other forms of security financing, such as convertible debentures, or debt financing secured with the Company's assets in China. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favorable.

In March 2010, the Company closed a private placement with the family of the CEO of the Company to raise gross proceeds of $150,000. The private placement was comprised of 1,000,000 units and each unit comprised of one common share and one share purchase warrants which enables the holder to exercise the warrants at $0.25 per share before March 25, 2012.

In August and September 2010, the Company completed a series of non-brokered private placements (the "Placements") to raise a net of finder's fees amount of $520,550. The Placements consisted of $102,500 worth of convertible debentures and 4,537,500 units. Each unit consists of one common share and one common share purchase warrant. Each warrant will entitle the holder to purchase one common share at an exercise price of $0.20 for a period of two years from the date of issuance. The convertible debentures are bearing interest at a rate of 15% per annum and will be payable on maturity, being two years from the closing of the debenture. The debenture will be convertible at the option of the holder into common shares of the Company at a price of $0.125 per share during the initial twelve months following the closing of the debenture offering at a price of $0.175 per share during the second twelve months.

In February 2011, the Company completed a private placement to raise gross proceeds of $649,875 by issuing 7,645,588 Units at a subscription price of $0.085 per Unit, and each Unit consists of one common share and one common share purchase warrant exercisable for two years from the date of closing at a price of $0.125. In connection with this private placement, the Company paid finder's fees in the amount of $54,179 and issued 684,458 agent's options to arm's length parties. The agent's options are exercisable into common shares for two years from the date of closing at an exercise price of $0.085 per share.

The Company is continuously looking at and considering financing options. Although there is no assurance that additional working capital will be available, management expects that the Company will be able to raise enough funds to meet its operational needs for the next twelve months.

## 1.6 Transactions with Related Parties

Related party transactions are as follows:

| | **Three months ended October 31,** | | **Nine months ended October 31,** | |
|---|---|---|---|---|
| Transactions with related parties | **2011** | 2010 | **2011** | 2010 |
| Management fee to a director and officer (a) | **$22,500** | $22,500 | **$67,500** | $67,500 |
| Salary to a director's spouse (b) | **$6,000** | $ - | **$15,000** | $ - |
| Legal fee to a director and officer (c) | **$15,000** | $15,000 | **$45,000** | $45,000 |
| Consulting fee to a director and officer (d) | **$ -** | $10,000 | **$ -** | $ - |
| Consulting fee to a director and officer (e) | **$15,000** | $20,000 | **$ -** | $ - |

The transactions with related parties during the period were measured at exchange amount, which is the amount of consideration established and agreed upon by the parties.

(a) During the three months and nine months ended October 31, 2011, the Company paid $22,500 and $67,500 (three month and nine months ended October 31, 2010 - $22,500 and $67,500) to a director and officer of the Company for his management services. As President, Chief Executive Officer and Chairman of the Company, this director and senior officer is responsible for managing the Company's operations from head office, including coordinating and liaising with project managers in China, and is generally responsible for all of the day-to-day tasks associated with the Company's business. As well, this individual organizes the Board of Directors of the Company and coordinates all meetings of the Board of Directors. Finally, this individual assists with the preparation of the Company's continuous disclosure documentation, as required by securities laws, including interim and annual financial statements and management discussion & analyses.

(b) During the three months and nine months ended October 31, 2011, the Company paid $6,000 and $15,000 (three months and nine months ended October 31, 2010 – $nil and $nil) to the spouse of a director and officer of the Compnay for her administrative services.

(c) During the three months and nine months ended October 31, 2011, the Company incurred legal fees of $15,000 and $45,000 (three months and nine months ended October 31, 2010 - $15,000 and $45,000) payable to Brad R Docherty Professional Corporation, a law firm which a director and officer is the sole owner, for legal services provided. As at October 31, 2011, a total of $30,000 remained outstanding to this law firm.

(d) During the three months and nine months ended October 31, 2011, the Company incurred consulting fees of $nil and $10,000 (three months and nine months ended October 31, 2010 – nil and nil) payable to Decapital Inc., a private company controlled by a director and officer of the Company for accounting related consulting services provided.

(e) During the three months and nine months ended October 31, 2011, the Company incurred fees of $15,000 and $20,000 (three months and nine months ended October 31, 2010 - $nil and $nil) payable to CLW Partners LLP., an accounting firm, of which a director and officer of the Company is a partner.

The following balances with related parties are unsecured, non-interest bearing, and due on demand.

| Amount due to related parties | **October 31, 2011** | January 31, 2011 |
|---|---|---|
| A director and officer (c) | **$30,000** | $69,317 |
| A director and officer (e) | **$13,000** | $ - |

## 1.7 Proposed Transactions

With the exception of the information provided above, the Company is not a party to any proposed transaction that may have an effect on its financial condition, results of operations or cash flows which the management believes would require the intervention or approval of the Board of Directors of the Company.

## 1.8 Critical Accounting Policies and Estimates

The preparation of financial statements is in conformity with International Financial Reporting Standards ("IFRS"). Preparing the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Management continually evaluates these judgments, estimates and assumptions based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Under the IFRS, management has identified (i) income taxes and (ii) share-based payment, as the main estimates for the following discussion. Please refer to Note 3 of the Company's interim financial statements for a description of all of the significant accounting policies.

*i) Income taxes*

The Company applies IAS 12, Income Taxes. Income tax consists of current and deferred income tax. Income tax is recognized in the income statement except to the extent that it relates to a business combination, or items recognized directly within equity or in other comprehensive income. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the reporting date.

The Company recognizes provisions in respect of uncertain tax positions whereby additional current tax may become payable in future periods following the audit by the tax authorities of prior taxation years. Provisions for uncertain tax positions are based upon management's assessment of the likely outcome of issues associated with assumed permanent differences, interest that may be applied to temporary differences, and the possible disallowance of tax credits and penalties. Provisions for uncertain tax positions are reviewed regularly and are adjusted to reflect events such as the expiry of limitation periods for assessing tax, administrative guidance given by the tax authorities and court decisions.

Deferred tax assets and liabilities are recognized, using the liability method of IAS 12, for the expected tax consequences of temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilized before applicable expiry dates. Deferred tax liabilities for withholding taxes are recognized for subsidiaries in situations where the income is to be paid out as dividend in the foreseeable future. Change in tax rates are reflected in the period when the change has been enacted or substantively enacted by the reporting date.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realized or liability is settled, based on tax rates and laws that been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

*iii) Share-based payment*

The Company accounts for share-based payment using the fair value method. Under this method, compensation expense for stock options granted to employees, officers, directors, and consultants is measured at fair value at the date of the grant using the Black-Scholes pricing model and is expensed in the consolidated statements of operations over the vesting period of the options granted. The fair value of stock options granted to consultants is measured at the performance commitment date or the date that the service is delivered using the Black-Scholes pricing method.

Upon the exercise of the stock option, consideration received and the related amount transferred from contributed surplus are recorded as share capital.

## 1.9 Future Accounting Standards

International Financial Reporting Standards ("IFRS")

The IASB and International Financial Reporting Interpretations Committee ("IFRIC") have issued certain new standards, interpretations, amendments and improvements to existing standards, mandatory for future accounting periods. The most significant of these are as follows, and are all effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted.

The IASB issued IFRS 9, Financial Instruments in November 2009 as the first step in its project to replace IAS 39 Financial Instruments: Recognition and Measurement; in particular, it introduces new requirements for classifying and measuring financial assets. The IASB intends to expand IFRS 9 before its effective date to add new requirements for classifying and measuring financial liabilities, derecognizing financial instruments, impairment and hedge accounting.

IFRS 10, 11, 12 and 13 were all issued in May 2010. IFRS 10 Consolidated Financial Statements replaces the consolidation guidance in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation — Special Purpose Entities by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee. IFRS 11 Joint Arrangements introduces new accounting requirements for joint arrangements, replacing IAS 31 Interests in Joint Ventures. It eliminates the option of accounting for jointly controlled entities by using proportionate consolidation. IFRS 12 Disclosure of Interests in Other Entities requires enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement.

IFRS 13 Fair Value Measurement replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. It defines and provides guidance on determining fair value and requires disclosures about fair value measurements, but does not change the requirements regarding which items are measured or disclosed at fair value.

## 1.10 Financial Instruments and Related Risks

The Company manages its exposure to financial risks, including liquidity risk, foreign exchange rate risk, interest rate risk, and credit risk in accordance with its risk management framework. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis.

*(a) Fair Value*

The fair value of financial instruments represents the amounts that would have been received from or paid to counterparties to settle these instruments. The carrying amount of all financial instruments (except convertible debentures) as at October 31, 2011 approximates their fair value because of the short maturities and normal trade term of these instruments.

The following table sets forth the Company's financial assets and liabilities that are measured at fair value on a recuring basis by level within the fair value hierarchy. Those fianncial assets and liabilities are classified in their entirety based on the level of input that is significant to the fair value measurement.

| | Fair value as at October 31, 2011 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets** | | | | |
| Cash and cash equivalents | $ 6,295 | $ - | $ - | $ 6,295 |

*(b) Liquidity Risk*

The liquidity risk is the risk that the Company will not be able to meet the obligations associated with its financial liabilities. The Company's financial liabilities mainly include accounts payable and accrued liabilities, interest payable and short term loans due to related parties, and are current in nature. The Company has incurred recurring losses since inception and has not yet generated significant revenue from its projects. As at October 31, 2011, the Company has limited funds to meet its short term financial liabilities and additional financing is required. The Company handles liquidity risk through the management of its capital structure.

*(c) Exchange Risk*

The Company undertakes transactions denominated in foreign currencies and as such is exposed to risks due to fluctuations in foreign exchange rates.

The Company conducts certain of its operations in China and thereby a portion of the Company's assets, liabilities, revenues and expenses are denominated in Chinese Renminbi ("RMB"), which was tied to the U.S. Dollar until July 2005 and is now tied to a basket of currencies of China's largest trading partners. The Chinese Renminbi is not a freely convertible currency.

The Company currently does not hedge its foreign currency risk, and the exposure of the Company's financial assets and financial liabilities to foreign exchange risk is summarized as follows:

| The amounts are expressed in Canadian dollars equivalents | **October 31, 2011** | January 31, 2011 |
|---|---|---|
| Canadian dollars | **$ (1,023)** | $ 4,437 |
| Chinese yuan | **73,824** | 64,466 |
| Total financial assets | **$ 72,801** | $ 68,903 |
| | | |
| Canadian dollars | **$ 363,019** | $ 459,207 |
| Chinese yuan | **128,111** | 82,493 |
| Total financial liabilities | **$ 491,130** | $ 541,700 |

*(d) Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's cash equivalents primarily include highly liquid investments that earn interests at market rates that are fixed to maturity. The Company also holds a portion of cash and cash equivalents in bank accounts that earn variable interest rates. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have significant impact on the fair values of the financial instruments as of October 31, 2011. The Company also holds a two-year convertible debenture, which is expiring on September 8, 2012 bearing a fixed interest rate of 15%.

*(e) Credit Risk*

The Company is exposed to credit risk primarily associated to accounts receivable from customers, and cash and cash equivalents. The carrying amount of assets included on the balance sheet represents the maximum credit exposure, and the Company has been undertaking credit evaluations on customers as necessary and has monitoring processes intended to mitigate credit risks.

The aging of accounts receivable are less than 90 days, and, as a result, the credit risk associated with accounts receivable at October 31, 2011 is considered to be immaterial.

## 1.11 Other Risks and Uncertainties

*(a) Operating Environment of the Company*

The PRC economy continues to display some characteristics of emerging markets. These characteristics include, but are not limited to, the existence of currencies that are not freely convertible in most countries outside of the PRC. The tax currency and customs legislation within the PRC are subject to varying interpretations, and changes, which can occur frequently. While there have been improvements in the economic trends, the future economic direction of the PRC is largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the Government together with tax, legal and political developments.

*(b) Commodity Price Risk*

The Company is exposed to fluctuations in the prices of the products that it purchases and sells. The Company must purchase various products at prevailing Chinese market prices and in turn uses these products to produce the products that it sells in China at prevailing local market prices.

Any fluctuations in the prices of the products that the Company must purchase to produce the products that it sells can have a significant effect on the Company's business, results of operations, financial condition and cash flows.

The Company's future profitability and overall performance is strongly affected by the prices of the products that it must purchase to produce the products that it sells, prices which are set in the PRC market and are subject to significant fluctuations.

*(c) General Operating Risks*

The Company's principal activity is the cultivation and sale of tree seedlings in Inner Mongolia, China. The Company's future success is dependent upon its ability to produce and sell high quality seedlings to individuals and the government in China. The Company has recently diversified and expanded the scope of its operations which will result in exposure to new and varied risks and operational uncertainties. The Company is subject to many and varied kinds of risks, including but not limited to, environmental, political, legal and economic.

The Company has not yet generated significant operating cash flow and has limited revenues from operations. The Company has limited financial resources and there is no assurance that additional funding will be available to it to maintain its current operations, meet its current contractual obligations or to finance expansion.

## 1.12 Internal Control over Financial Reporting Procedures

The management of the Company is responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. Management is also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the consolidated financial statements for nine months ended October 31, 2011.

The management of the Company has filed the Venture Issuer Basic Certificate with the Interim Filings on SEDAR at www.sedar.com.

In contrast to the certificate required under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("MI 52-109"), the venture issuer certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in MI52-109. In particular, the certifying officers filing certificates for venture issuers are not making any representations relating to the establishment and maintenance of:

(i) 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

(ii) 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 generally accepted accounting principles.

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(s).

Investors should be aware that inherent limitations 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 MI 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.

## 1.13 Additional Disclosure for Venture Issuers without Significant Revenue

*(a) capitalized or expensed exploration and development costs;*

Not applicable.

*(b) expense research and development costs;*

Not applicable.

*(c) deferred development costs;*

Not applicable.

*(d) general and adminstration expenses;*

The consolidated expenses are as follows:

| | **Three months ended October 31** | | **Nine months ended October 31** | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| Professional fees | **$43,175** | $51,995 | **$97,626** | $115,207 |
| Stock option and share based compensation | **32,598** | 162,756 | **101,371** | 469,621 |
| Salaries and wages | **29,754** | 34,749 | **83,692** | 129,814 |
| Management salaries | **22,500** | 22,500 | **67,500** | 67,500 |
| Amortization | **20,421** | 23,490 | **63,364** | 71,197 |
| Travel and promotion | **19,427** | 111,581 | **90,082** | 135,809 |
| Rental | **16,941** | 8,358 | **77,465** | 28,100 |
| Office | **9,788** | 8,099 | **24,793** | 25,350 |
| Shareholder information and promotion | **8,706** | - | **66,769** | 9,135 |
| Interest and bank charges | **5,231** | 22,775 | **16,378** | 89,776 |
| Consulting fees | **4,500** | 7,608 | **64,300** | 39,108 |
| Filing and transfer agent | **2,000** | 3,305 | **23,942** | 27,101 |
| Telephone | **1,961** | 962 | **5,835** | 3,527 |
| Meals and entertainment | **802** | 3,725 | **2,745** | 7,006 |
| Penalties | **-** | - | **899** | - |
| Foreign exchange loss | **-** | - | **-** | 470 |
| Repair and maintenance | **-** | - | **-** | 30 |
| Total | **$217,804** | $461,903 | **$786,761** | $1,218,751 |

*(e) any material costs, whether capitalized, deferred or expensed, not referred to in (a) through (d);*

None

## 1.14 Disclosure of Outstanding Share Data

As at the date of this MD&A, the following securities were outstanding:

*(a) Share Capital*

Authorized – unlimited number of common shares without par value; unlimited number of preferred shares (issuable in series).

Issued and outstanding – 80,682,875 common shares outstanding with a recorded value of $8,344,136

Shares subject to escrow – Nil.

*(b) Options*

The outstanding options as October 31, 2011 are summarized as follows:

| Exercisable prices | Number of options outstanding | Expiry dates | Remaining contractual life (years) | Numbers of Exercisable at October 31, 2011 |
|---|---|---|---|---|
| $0.125 | 100,000 | January 26, 2012 | 0.24 | 100,000 |
| $0.20 | 500,000 | April 27, 2012 | 0.49 | 500,000 |
| $0.125 | 1,850,000 | February 4, 2013 | 1.27 | 1,850,000 |
| $0.135 | 1,135,000 | March 12, 2013 | 1.36 | 1,135,000 |
| $0.20 | 100,000 | August 31, 2013 | 1.84 | 100,000 |
| $0.35 | 100,000 | August 31, 2013 | 1.84 | 100,000 |
| $0.14 | 300,000 | August 31, 2013 | 1.84 | 300,000 |
| $0.13 | 450,000 | October 1, 2013 | 1.92 | 450,000 |
| $0.125 | 450,000 | January 18, 2014 | 2.22 | 450,000 |
| $0.125 | 350,000 | February 2, 2014 | 2.26 | 350,000 |
| $0.175 | 350,000 | February 2, 2014 | 2.26 | - |
| $0.125 | 300,000 | June 1, 2014 | 2.59 | 200,000 |
| $0.125 | 200,000 | June 13, 2014 | 2.62 | 200,000 |
| $0.125 | 100,000 | July 29, 2014 | 2.75 | 100,000 |
| **$0.125 - 0.35** | **6,285,000** | | | **5,835,000** |

*(c) Warrants*

The outstanding warrants as October 31, 2011 are summarized as follows:

| January 31, 2010 | Issued during the period | Exercised during the period | January 31, 2011 | | Exercise price per warrant | Expiry date |
|---|---|---|---|---|---|---|
| 5,075,500 | - | - | 5,075,500 | $ | 0.20 | May 22, 2011 |
| - | 1,000,000 | - | 1,000,000 | $ | 0.25 | March 24, 2012 |
| - | 2,187,500 | - | 2,187,500 | $ | 0.20 | August 9, 2012 |
| - | 2,350,000 | - | 2,350,000 | $ | 0.20 | Sept 7, 2012 |
| 5,075,500 | 5,537,500 | - | 10,613,000 | | | |

| Number of warrants outstanding as at January 31, 2011 | Issued during the period | Number of warrants unexercised during the period | Number of warrants outstanding as at October 31, 2011 | | Exercise price per warrant | Expiry date |
|---|---|---|---|---|---|---|
| 10,613,000 | - | (5,075,500) | 5,537,500 | | (see above) | (see above) |
| | 7,645,588 | | 7,645,588 | $ | 0.125 | February 14, 2013 |
| - | 684,458 | - | 684,458 | $ | 0.085 | February 14, 2013 |
| **10,613,000** | **8,330,046** | **(5,075,500)** | **13,867,546** | | | |

**MAPLE LEAF REFORESTATION INC.**

**CORPORATE DATA**

**LISTING:**
TSX Venture Exchange
Symbol: **MPE**

**HEAD OFFICE**

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**DIRECTORS AND OFFICERS**

- Raymond Lai: President, CEO & Chairman
- Alex Cheung: CFO & Director
- Brad Docherty: Legal Counsel, Corporate Secretary & Director
- Perry Lee: V.P. Bio-fuel and Waste Oil Project Development
- Joe Wong: Independent Director & Audit Committee Member
- Daniel Chu: Indepdent Director & Audit Committee Member

**REGISTAR AND TRANSFER AGENT**

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