

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 months ended March 31, 2012 and April 30, 2011. 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 months ended March 31, 2012 and the audited consolidated financial statements of the Company for the year ended December 31, 2011. The comparative interim period presented in this MD&A differs from the current interim period being reported due to the Company changing its financial year end from January 31st to December 31st.

This MD&A contains information up to and including May 29, 2012. 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 period ended March 31, 2012, sales from the greenhouse operation were \$23,995 (quarter ended April 30, 2011 - \$41,520) and a gross profit of \$72,919 (quarter ended April 30, 2011 – gross loss of \$106,515) was realized. A net profit of \$30,913 (quarter ended April 30, 2011 - loss of \$383,488) was recorded from the greenhouse operation for the quarter ended March 31, 2012. A discussion of the comparative results for the period ended December 31, 2011 is set out in Section 1.3.

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. A new agreement is being negotiated with the County to replace this one as the Company did not have the necessary funding to lease and operate a second greenhouse in 2011.

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 \$0.16 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 was delivered in April, 2012.

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 three month period ended March, 2012, the Company's operation in yellowhorn tree farm was fairly inactive. Due to the financial difficulties of the Company and the political unrest in Xinjiang, the Company decided to reorganize its Yellowhorn operation and re-locate the project to Inner Mongolia China.

Maple Leaf continues to pursue operational opportunities relating to Yellowhorn trees and the bio-diesel industry, however at this time it does not have an active operation relating to Yellowhorn seedling or trees. See "Subsequent Events" for a further discussion of Maple Leaf's Yellowhorn project initiatives.

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1.3 Annual Financial Results

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

	11 months ended, December 31, 2011		Year ended January 31, 2011		2010
Total assets	\$	2,114,951	\$	2,189,853	\$ 3,409,800
Shareholders' equity		1,391,507		1,648,153	2,401,451
Dividend declared				-	-
Sales		297,260		652,995	147,036
Gross profit		42,528		(52,615)	93,374
Expenses		(998,132)		(1,731,917)	(897,399)
Loss from continuing operations		(1,070,027)		(1,959,936)	(1,300,589)
Loss on discontinued operations		(6,136)		(253,660)	(862,846)
Net loss		(1,076,163)		(2,213,596)	(2,163,435)
Basic and diluted per share from continuing operations	\$	(0.01)	\$	(0.04)	\$ (0.02)
Basic and diluted per share on discontinued operations	\$	(0.01)	\$	(0.03)	\$ (0.01)
Basic and diluted loss per share	\$	0.00	\$	0.00	\$ (0.03)

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1.3 Quarterly Financial Results

The following table sets forth selected operational results for financial quarters ended March 31, 2012, December 31, 2011, October 31, 2011, July 31, 2011 along with prior year comparables.

	Quarter ended	2 month ended	Quarters ended	
	March 31, 2012	December 31, 2011	October 31, 2011	July 31, 2011
Sales	\$ 29,185	\$ 65,260	\$ 91,416	\$ 99,064
Cost of sales	(20,943)	(48,086)	(75,901)	(117,495)
Change in biological assets	69,867	43,577		
Gross profit	78,109	60,751	15,515	(18,431)
Write down of accounts payable	10,180			
Expenses	(162,266)	(110,454)	(217,804)	(259,531)
Other income and expenses			43	952
Write down of biological assets		23,834	(538)	
Loss from continuing operations	(73,977)	(25,869)	(202,784)	(277,010)
Income (loss) on discontinued operations		(6,136)	-	-
Net loss	\$ (32,005)	\$ (32,005)	\$ (202,784)	\$ (277,010)
Loss per share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)

	Quarters ended			
	April 30, 2011	January 31, 2011	October 31, 2010	July 31, 2010
Sales	\$ 41,520	\$ 130,789	\$ 262,406	\$ 176,885
Cost of sales	(56,827)	(95,467)	(256,764)	(149,190)
Change in biological assets	(91,208)	(106,487)		
Gross profit	(106,515)	(71,165)	5,642	27,695
Expenses	(308,148)	(489,936)	(485,134)	(239,433)
Other income and expenses				
Write down of biological assets	(240,909)	(196,522)	20,089	1,030
Loss from continuing operations	(655,572)	(757,623)	(459,403)	(210,708)
Income (loss) on discontinued operations	0	191,628	(300,810)	(76,729)
Net loss	\$ (655,572)	\$ (565,995)	\$ (760,213)	\$ (287,437)
Loss per share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)

1.4.1 Results of Operations for the Three Months Ended March 31, 2012 Compared to the Three Months Ended April 30, 2011

Net loss in Q1 fiscal 2012 was \$73,977, a decrease of \$581,595, or 87% compared to the loss of \$655,572 in Q1 fiscal 2011. This change was a result of a large write down of biological assets in Q1 2011. There was also a decrease due to a change in biological assets for 2011.

Sales in Q1 fiscal 2012 was \$29,185, a decrease of \$12,335, compared to the sales of \$41,520 in Q1 fiscal 2011. The decrease is mainly due to the timing of the quarters. Sales predominately occur in April and May of each

year, and as a result, sales start to increase in April and continue into May.

Cost of sales in Q1 fiscal 2012 was \$20,943, a decrease of \$35,884, compared to the cost of sales of \$56,827 in Q1 2011. The decrease of cost of sales was associated with lower sales.

Gross margin in Q1 fiscal 2012 was \$78,109 (Q1 2011 – gross loss \$106,515) which was mainly due to lower production cost.

Expenses in Q1 fiscal 2012 were \$162,266, a decrease of \$145,882, compared to expenses of \$308,148 in Q1 2011, which was mainly the result of lower consulting fees, filing and transfer agent fees, shareholder information and promotion and professional fees.

Other items in Q1 fiscal 2012 were nil, which was a large decrease from a loss of \$240,909 that occurred in Q1 2011 due to a write down of biological assets.

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 activities conducted in establishing and developing its operations during the respective quarter. During the annual period ended December 31, 2011, the Company adopted a tighter budget due to low sales, as such the overall expenses have been reduced. This practice is also evident in the reduction of overall expenses in Q1 for 2012.

For the two month period ended December 31, 2011, expenses decreased as the operations were starting to wind down for the winter. The remaining assets in discontinued operations were assessed and written off.

For the quarter ended October 31, 2011, the Greenhouse Sales were low, but some cost savings were achieved by relocating the Head Office to a cheaper rental space to save costs and resulting in a net loss of \$202,784.

For the quarter ended July 31, 2011, the Greenhouse was the only operation that was active resulting in a net loss of \$277,010.

During the quarter ended April 30, 2011, the Greenhouse was the only operation that was active with only the month of April having sales as the Spring planting started in China, and a write down of old unsaleable Canadian species seedlings of \$137,719 resulting in a net loss of \$564,364.

1.5 Liquidity and Capital Resources

1.5.1 Working Capital

At March 31, 2012, the Company had working capital of \$507,430 compared to working capital position of \$202,449 at December 31, 2011. As at March 31, 2012, cash and cash equivalents increased by \$14,376 to \$36,860 as a result of: cash used in operating activities of \$163,228 offset by cash provided in investing activities of \$758 and \$176,846 provided by financing activities.

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 the PRC.

The Company currently on average burns approximately \$54,089 per month, including both head office expenses and costs relating to its operations in China, and also currently has convertible debentures of \$126,000 outstanding, which mature September 8, 2012. Management is presently reviewing opportunities to raise more operating capital by way of the issuance of common shares and/or the issuance of additional convertible debentures. 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. Although the Company's projected revenues for the current fiscal year are projected to assist with its head office and operational costs, it is possible for the situation to arise that 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 should funds from its operation not be available to pay for 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 been historically.

1.5.2 Cash flow

Operating activities in Q1 fiscal 2012 used cash of \$163,228 (Q1 fiscal 2011 – used \$276,028). The decrease of cash used in operating activities was mainly due to lower expenditures incurred which resulted in a much lower loss for Q1 2012 of \$73,977 compared to a loss of \$655,572 in Q1 2011.

Investing activities in Q1 fiscal 2012 provided cash of \$758 due to the prepaid land lease being expensed, compared to \$1,318 used in Q1 fiscal 2011 for the purchase of equipment.

Financing activities in Q1 fiscal 2012 raised \$175,178 through the issuance of shares (Q1 2011 - \$503,395). The decrease in financing cash flow is a result of the Company starting to shift from a reliance on cash from operations as opposed to financing.

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 \$144,115 (RMB¥950,000) for the whole lease term. The payment is to be made over the first 10 years and a summary of remaining payments are due as follows:

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Year	Annual Payments
2012	\$ 12,928
2013	12,928
2014	12,928
2015	3,232
Total	\$ 42,016

- b) The Company has a lease with Giamel Inc. with respect to its Calgary head office location. The lease is for a term of three years, from November 1, 2011 to October 31, 2014, and the remaining lease payment of \$93,168 over the next three years are as follows:

Year	Annual Payments
2012	\$ 31,056
2013	31,056
2014	31,056
Total	\$ 93,168

The Company has currently sub-leased some office space to offset the costs of the lease. Monthly revenue from the sub-leases is estimated to be \$20,571.

- c) 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.

- 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.
- e) Maple Leaf engages the services of various consultants on an 'as needed' basis. Such consultants provide services to the Company including, but not limited to, accounting, marketing, administrative, translation and general advising regarding operational matters of the Company. It is management's belief that the services of such consultants are required to achieve timely and efficient operational execution. Also, the breadth of skills provided by such consultants is needed in light of management's

experience and expertise, and to pursue certain operational opportunities.

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 favourable.

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 comprised of 1,000,000 units and each unit comprised of one common share and one share purchase warrants which enable 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 fee in the amount of \$54,179 and issued 684,458 options (the "agent's option") to arm's length parties. The agent's options will be exercisable into common shares of the Corporation for two years from the date of closing at a strike price of \$0.085 per share.

In February 2012, the Company completed a private placement to raise gross proceeds of \$130,000 by issuing 2,600,000 units at a subscription price of \$0.05 per unit, and each Unit consists of one common share and one common share purchase warrant exercisable for five years from the date of closing at a price of \$0.10. In connection with this private placement, the Company paid finder's fee in the amount of \$4,000.

The Company is continuously seeking and considering financing options and reviews available opportunities to raise additional funds through private placements and it is also pursuing some loan opportunities. The Company anticipates that its funds from operations will be sufficient to meet its operational needs for the next twelve months, however it may seek to raise additional working capital to ensure such funds are readily available.

1.6 Transactions with Related Parties

Related party transactions are as follows:

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	Three months ended	
	March 31,	April 30,
Transactions with related parties	2012	2011
Management fee to a director and officer	\$ 22,500	\$ 22,500
Legal fee to a director and officer (b)	\$ 2,240	\$ 15,000
Consulting fee to a director and officer (c)	\$ -	\$ 8,400

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 period ended March 31, 2012, the Company paid \$22,500 (period ended April 30, 2011 - \$22,500) to a director and officer of the Company for his management services. This officer has 1,800,000 options at a weighted averaged exercise price of \$0.15.
- (b) During the period ended March 31, 2012, the Company incurred legal fees of \$2,240 (period ended April 30, 2011 - \$15,000) payable to Brad R Docherty Professional Corporation, a law firm which a director and officer is a member, for legal services provided. This director has 700,000 options at a weighted averaged exercise price of \$0.13.

The transactions with related parties are measured at the exchange amount, which is the amount of consideration established and agreed by the parties. The balances with related parties are unsecured, non-interest bearing, and due on demand.

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 in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amount of sales and expenditures during the reporting period. Management has identified (i) Future income tax provision, (ii) Impairment of long live assets, and (iii) Stock base compensation as the main estimates for the following discussion. Please refer to Note 2 of the Company's consolidated financial statements for a description of all of the significant accounting policies.

i) Income taxes

Management uses judgment and estimates in determining the appropriate rates and amounts in recording deferred taxes, giving consideration to timing and probability. Actual taxes could vary significantly from these estimates as a result of future events, including changes in income tax law or the outcome of reviews by tax authorities and related appeals. The resolution of these uncertainties and the associated final taxes may result in adjustment to the Company's tax assets and tax liabilities. The recognition of deferred income tax assets is subject to judgement and estimation over whether these amounts can be realized.

ii) Impairment of long live assets

Long lived assets are reviewed for impairment charges whenever events of changes in circumstances indicate that the carrying amount may not be recoverable from the future undiscounted net cash flows expected to be generated by the asset. If the asset is not recoverable, an impairment charge would be recognized in that period for the difference between the carrying value of the asset and its estimated fair value based on the discounted net future cash flow or quoted market price.

iii) Stock based compensation

The Company accounts for stock options using the fair value method. Under this method, compensation expense for stock options granted to employees, officers, and directors 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 options, consideration received and the related amount transferred from contributed surplus are recorded as share capital.

1.9 Future Accounting Standards

Accounting standards issued and not applied

In 2011, the International Accounting Standards Board ("IASB") issued a number of new and revised accounting standards which are effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. These new and revised accounting standards have not yet been adopted and the Company does not plan to early adopt any of the standards.

The following new or revised standards are not expected to have a material impact on the amounts recorded in the financial statements of the Company:

- IFRS 10 - Consolidated Financial Statements;
- IFRS 12 - Disclosure of Interests in Other Entities;
- IAS 27 - Separate Financial Statements;
- IFRS 13 - Fair Value Measurement;
- IFRS 11 - Joint Arrangements;
- Amended IAS 19 - Employee Benefits; and
- Amended IAS 28 - Investments in Associates and Joint Ventures.

In the first half of 2011, the IASB also issued amended IAS 1 - Presentation of Financial Statements, IFRS 7 - Financial instrument disclosures which is effective for annual periods beginning on or after July 1, 2012 and IFRS 9 - Financial Instruments, which is effective for annual periods beginning on or after January 1, 2015, with early adoption permitted. IAS 1, IFRS 7 and IFRS 9 are not expected to have a material impact on amounts recorded in the financial statements of the Company.

Further details of the new or revised accounting standards and potential impact on the Company can be found in the Annual Financial Statements for the year ended December 31, 2011.

1.10 Financial Instruments and Related Risks

The Company manages its exposure to financial risks, including liquidity risk, foreign exchange rate risk,

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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 March 31, 2012 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 recurring basis by level within the fair value hierarchy. Those financial 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 March 31, 2012			
	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	\$ 36,860	\$ -	\$ -	\$ 36,860
	Fair value as at December 31, 2011			
	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	\$ 22,484	\$ -	\$ -	\$ 22,484

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(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, short term loan and due to related parties and are current in nature. The Company has incurred recurring loss since inception and not yet generated significant revenue from its projects. As at March 31, 2012, 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:

		March 31, 2012	December 31, 2011
The amounts are expressed in Canadian dollars equivalents			
Canadian dollars	\$	44,284	\$ 19,355
Chinese yuan		74,365	58,744
Total financial assets	\$	118,649	\$ 78,099
Canadian dollars	\$	226,431	\$ 295,621
Chinese yuan		261,848	253,388
Total financial liabilities	\$	488,279	\$ 549,009

As at March 31, 2012, with other variables unchanged, a 1% fluctuation of the Chinese Renminbi against the Canadian dollar would affect comprehensive income by approximately \$1,874 (December 31, 2011 - \$1,813).

(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 value of the financial instruments as of March 31, 2012. 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 usually less than 90 days. Overdue amounts are followed up by management. Management has determined that the credit risk associated with accounts receivable at March 31, 2012 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 three months ended March 31, 2012

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 administration expenses;*

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The consolidated expenses are as follows:

	3 months ended	
	March 31, 2012	April 30, 2011
Travel and promotion	\$ 26,275	\$ 35,999
Salaries and wages	22,500	11,250
Stock based compensation	21,980	20,496
Rental	19,806	8,570
Consulting fees	16,319	31,194
Filing and transfer agent	14,024	29,400
Shareholder information and promotion	11,767	22,500
Professional fees	10,604	35,698
Amortization	5,246	5,137
Management salaries	3,474	-
Office	3,063	52,697
Interest and bank charges	3,047	1,779
Meals and entertainment	2,034	25,160
Telephone	1,243	1,567
Penalties	885	25,802
Foreign exchange loss	-	899
Total	\$ 162,266	\$ 308,148

(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 – 84,186,427 common shares outstanding with a recorded value of \$8,519,314

Shares subject to escrow – Nil.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

(b) Options

The outstanding options as March 31, 2012 are summarized as follows:

Exercisable prices	Number of options outstanding	Expiry dates	Remaining contractual life (years)	Numbers of Exercisable at March 31, 2012
\$ 0.200	500,000	April 27, 2012	0.07	500,000
\$ 0.125	1,850,000	February 4, 2013	0.85	1,850,000
\$ 0.135	935,000	March 12, 2013	0.95	935,000
\$ 0.200	100,000	June 30, 2013	1.42	100,000
\$ 0.350	100,000	June 30, 2013	1.42	100,000
\$ 0.140	600,000	August 31, 2013	1.42	600,000
\$ 0.130	450,000	October 1, 2013	1.50	450,000
\$ 0.125	450,000	January 18, 2014	1.80	450,000
\$ 0.125	350,000	February 2, 2014	1.84	350,000
\$ 0.175	350,000	February 2, 2014	1.84	350,000
\$ 0.125	300,000	June 1, 2014	2.17	300,000
\$ 0.125	200,000	June 13, 2014	2.20	200,000
\$ 0.125	100,000	July 29, 2014	2.33	100,000
\$ 0.125	400,000	December 22, 2014	2.73	300,000
\$0.125 - 0.35	6,685,000			6,585,000

(c) Warrants

The outstanding warrants as March 31, 2012 are summarized as follows:

Number of warrants outstanding as at January 31, 2011	Issued during the period	Number of warrants exercised during the period	Number of outstanding as at December 31, 2011	Exercise price per warrant	Expiry date
5,075,500	-	(5,075,500)	-	\$ 0.200	May 22, 2011
1,000,000	-	-	1,000,000	\$ 0.250	March 24, 2012
2,187,500	-	-	2,187,500	\$ 0.200	August 9, 2012
2,350,000	-	-	2,350,000	\$ 0.125	September 7, 2012
-	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		

Number of warrants outstanding as at December 31, 2011	Issued during the period	Number of warrants unexercised during the period	Number of outstanding as at March 31, 2012	Exercise price per warrant	Expiry date
13,867,546	-	(1,000,000)	12,867,546	(see above)	(see above)
	2,600,000		2,600,000	\$ 0.010	February 24, 2017
13,867,546	2,600,000	(1,000,000)	15,467,546		

MAPLE LEAF REFORESTATION INC.

CORPORATE DATA

LISTING:

TSX Venture Exchange

Symbol: **MPE**

HEAD OFFICE

2916B - 19 Street N.E.
Calgary, Alberta, T2E 6Y9

Contact: Raymond Lai
Telephone: (403) 452-4552
Fax: (403) 452-9600
E-Mail: rlai@mlreforestation.com
website: www.mlreforestation.com

DIRECTORS AND OFFICERS

- Raymond Lai: President, CEO & Chairman
- Jeff Kong: CFO & Director
- Terence Lam: Corporate Secretary & Director
- Perry Lee: V.P. Bio-fuel and Waste Oil Project Development
- Joe Wong: Independent Director & Audit Committee Member
- Bok Wong: Independent Director & Audit Committee Member

REGISTAR AND TRANSFER AGENT

Valiant Trust Company
310, 606 – 4th Street S.W.
Calgary, Alberta, T2P 1T1