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 six months ended June 30, 2012 and July 31, 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 and six months ended June 30, 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 August 28, 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 three and six months ended June 30, 2012, sales from the greenhouse operation were $268,356 and $292,351, respectively (three and six months ended July 31, 2011 - $99,064 and $140,259, respectively), and a net loss of $60,577 and $29,644, respectively, was recorded (three and six months ended July 31, 2011 – loss of $60,126 & $353,202, respectively).

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 six month period ended June 30, 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.

1.2.3 Other Business Development

In August 2012, the Company entered into a sales contract with *Shandong Yuan Ji Horticulture Garden* ("Yuan Ji") to sell five 40 feet containers of woody horticulutal peat moss for 345,000 Rmb (approximately $54,700). Yuan Ji will pay an intial depoist of 150,000 Rmb (approximately $23,600) on or before September 15, 2012 to have the order shipped within 60 days. This order is a trial run from Yuan Ji, and if Yuan Ji finds the peatmos satisfactory, it is anticipated that a long term sales agreement will be made with Maple Leaf.

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	Year ended January 31, 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)

1.3 Quarterly Financial Results

	Quarter ended		2 month ended	Quarters ended
	June 30, 2012	March 31, 2012	December 31, 2011	October 31, 2011
Sales	$ 274,547	$ 29,185	$ 65,260	$ 91,416
Cost of sales	(204,932)	(20,943)	(48,086)	(75,901)
Change in biological assets	(88,067)	69,867	43,577	-
Gross profit	(18,452)	78,109	60,751	15,515
Expenses	(144,588)	(152,086)	(110,454)	(217,804)
Other income and expenses	-	-	-	43
Write down of biological assets	-	-	23,834	(538)
Loss from continuing operations	(163,040)	(73,977)	(25,869)	(202,784)
Income (loss) on discontinued operations	-	-	(6,136)	-
Net loss	$ (163,040)	$ (73,977)	$ (32,005)	$ (202,784)
Loss per share	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)

	Quarters ended			
	July 31, 2011	April 30, 2011	January 31, 2011	October 31, 2010
Sales	$ 99,064	$ 41,195	$ 130,789	$ 262,406
Cost of sales	(117,495)	(56,665)	(95,467)	(256,764)
Change in biological assets	-	-	(106,487)	-
Gross profit	(18,431)	(15,470)	(71,165)	5,642
Expenses	(259,531)	(308,899)	(489,936)	(485,134)
Other income and expenses	952	936.00	-	-
Write down of biological assets	-	(241,557)	(196,522)	20,089
Loss from continuing operations	(277,010)	(564,990)	(757,623)	(459,403)
Income (loss) on discontinued operations	-	-	191,628	(300,810)
Net loss	$ (277,010)	$ (564,990)	$ (565,995)	$ (760,213)
Loss per share	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)

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. 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 unsalable Canadian species seedlings of $137,719 resulting in a net loss of $564,364.

1.4 Results of Operations

1.4.1 Three Months Ended June, 2012 (Q2, 2012) Compared to Three Months Ended July 31, 2011 (Q2, 2011)

Net loss in Q2 2012 was $163,040, a decrease of $113,970, or 41% compared to the loss of $277,010 in Q2, 2011. This change was a result of the saving on selling and administrative expenses as well the increase of sales in Q2 2012.

Sales in Q2, 2012 was $274,547, an increase of $175,483, or 177%, compared to the sales of $99,064 in Q2, 2011. The increase is mainly because the Company enhanced the sales effort to promote the greenhouse operations. The timing of the operation is another important factor for the change of the sales as seedling operation is seasonal business.

Cost of sales in Q2 2012 was $204,932, an increase of $87,437, compared to the cost of sales of $117,495 in Q2 2011. The increase of cost of sales was associated with higher sales.

Gross margin in Q2 2012 was a loss of $18,452 (Q2 2011 – gross loss $18,431) which was mainly due to an adjustment to change of the value of biological assets.

Expenses in Q2 2012 were $144,588, a decrease of $114,943, compared to expenses of $259,531 in Q2 2011, which was mainly the result of less stock based compensation, traveling, consulting fees, filing and transfer agent fees, shareholder information and promotion, and professional fees. The detailed breakdown and comparison are presented on section 1.13(d) below.

Interest and Other income in Q2 2012 were $nil (Q2 2011 - $952).

1.4.2 Six Months Ended June, 2012 Compared to Six Months Ended July 31, 2011

Net loss for the six months ended June 30, 2012 was $237,017, a decrease of $604,983, or 72% compared to the loss of $842,000 for the six months ended July 31, 2011. This change was a result of the saving on selling and administrative expenses along with the increase of sales and no impairment to biological assets in the current period.

Sales for the six months ended June 30, 2012 was $303,732, an increase of $163,473, or 117%, compared to the sales of $140,259 for the six months ended July 31, 2011. The increase is mainly because the Company enhanced the sales effort to promote the greenhouse operations. The timing of the operation is another important factor for the change of the sales as seedling operation is seasonal business.

Cost of sales for the six months ended June 30, 2012 was $225,875, an increase of $51,715, compared to the cost of sales of $174,160 for the six months ended July 31, 2011. The increase of cost of sales was associated with higher sales.

Gross margin for the six months ended June 30, 2012 was of $59,667 (Q2 2011 – gross loss $33,910) which was mainly due to the increase of sales along with lower production costs offset by an adjustment of $18,200 charged to the value of biological assets.

Expenses for the six months ended June 30, 2012 were $296,674, a decrease of $271,756, compared to expenses of $568,430 during the six months ended July 31, 2011, which was mainly the result of lower consulting fees, filing and transfer agent fees, shareholder information and promotion and professional fees.

Interest and other income for the six months ended June 30, 2012 were $nil and a total of $1,888 interest and other income was recorded for the six month ended July 31, 2011.

Write down of biological assets was $nil for the six months ended June 30, 2012 while a total of $241,557 biological assets were written down for the six months ended July 31, 2011 as they did not survive during the winter season.

1.5 Liquidity and Capital Resources

1.5.1 Working Capital

At June 30, 2012, the Company had working capital of $141,009 compared to working capital position of $202,449 at December 31, 2011. As at June 30, 2012, cash and cash equivalents increased by $21,547 to $44,031 as a result of: cash used in operating activities of $83,451 and in investing activities of $21,002 offset by cash provided by financing activities of $126,000.

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 burn rate of the corporate office of the Company is currently on average approximately $34,000 per month, and also has convertible debentures of $132,392 outstanding, which mature July 31, 2013. Management is presently reviewing opportunities to 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 Q2 2012 generated cash of $30,599 (Q2 2011 – used $218,039). Before change in non-cash working capital, which generated cash of $67,600 (Q2 2011 – used $26,122), cash used in operations was $37,001 in Q2 2012 (Q2 2011 - $191,917). The change of cash from operation activities was mainly due to higher sales with lower production cost recorded in current period while the Company also maintained less inventory compared to the same period last year.

Operating activities for the six months ended June 30, 2012 used cash of $83,451 (six months ended July 31, 2011 - $494,067). The decrease of cash used in operating activities was mainly due to lower expenditures incurred which resulted in a much lower loss for the six months ended June 30, 2012 of $237,017 compared to a loss of $842,000 for the six months ended July 31, 2011.

Investing activities in Q2 2012 used cash of $21,760 (Q2 2011 - $8,003). In Q2 2012, the Company made a total of $21,760 payment as per land lease agreement while the cash of $8,003 used in Q2 2011 was to acquire property, plant and equipment.

Investing activities for the six months ended June 30, 2012 was $21,002 (six months ended July 31, 2011 - $9,321).

Financing activities in Q2 2012 used cash $1,668 to repay a short term loan the Company advanced in the first quarter of 2012. No financing activity was conducted in Q2, 2011.

Financing activities for the six months ended June 30, 2012 provided cash of $126,000 through a private placement equity financing completed in the first quarter of 2012. During the six months ended July 31, 2011, the financing activities provided cash of $503,395, which including cash of $575,546 from share subscription offset by repayment of short term loan of $72,151.

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:

Year		Annual Payments
2013		12,928
2014		12,928
2015		3,232
Total	$	29,088

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	$	43,800
2013		43,800
2014		43,800
Total	$	131,400

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 $10,410.

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 two years is as follows:

Year		Annual Payments
2012	$	20,692
2013		21,519
Total	$	42,211

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 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

The Company has identified its directors and executive staff as key management personnel. Related party transactions of the Company are mainly with companies controlled by directors or officers for their management services provided to the Company, and therefore, such transactions are included in the compensation to key management. Compensation to key management, including fees paid to companies controlled by directors and officers for their services provided, is follows:

	Three months ended		Six months ended	
	June 30, 2012	July 31, 2011	**June 30, 2012**	July 31, 2011
Management fee, consulting fee, and wages	**$ 32,597**	$ 45,000	**$ 62,428**	$ 126,598
Stock base compensations	**-**	33,075	**5,091**	35,698
Total	**$ 32,597**	$ 78,075	**$ 67,519**	$ 162,296

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, 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 June 30, 2012			
	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	$ 44,031	$ -	$ -	$ 44,031

	Fair value as at December 31, 2011			
	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	$ 22,484	$ -	$ -	$ 22,484

(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 June 30, 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. Note 1 further describes the going concern issue.

(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		June 30, 2012		December 31, 2011
Canadian dollars	$	**22,512**	$	19,355
Chinese yuan		**85,911**		58,744
Total financial assets	$	**108,423**	$	78,099
Canadian dollars	$	**206,031**	$	295,621
Chinese yuan		**178,961**		253,388
Total financial liabilities	$	**384,992**	$	549,009

As at June 30, 2012, with other variables unchanged, a 1% fluctuation of the Chinese Renminbi against the Canadian dollar would affect comprehensive income by approximately $930 (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 expected 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 and six months ended June 30, 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 adminstration expenses;

The consolidated expenses are as follows:

	Three months ended		Six months ended	
	June 30, 2012	July 31, 2011	**June 30, 2012**	July 31, 2011
Travel and promotion	**$ 711**	$ 16,476	**$ 26,986**	$ 70,793
Salaries and wages	**32,344**	29,197	**68,820**	53,945
Stock based compensation	**-**	33,075	**9,854**	68,773
Rental	**8,116**	29,328	**27,922**	60,522
Consulting fees	**3,205**	30,400	**19,524**	59,800
Filing and transfer agent	**-**	3,139	**7,511**	21,942
Shareholder information and promotion	**-**	32,904	**7,134**	58,063
Professional fees	**13,540**	24,952	**24,144**	54,452
Amortization	**39,383**	22,227	**44,629**	42,719
Management salaries	**22,776**	22,500	**26,250**	45,000
Office	**7,204**	6,695	**10,267**	14,774
Interest and bank charges	**14,738**	5,245	**17,785**	11,147
Meals and entertainment	**3,492**	1,299	**5,526**	1,943
Telephone	**1,282**	2,094	**2,525**	3,659
Penalties	**-**	-	**-**	898
Foreign exchange loss	**(2,203)**	-	**(2,203)**	
Total	**$ 144,588**	$ 259,531	**$ 296,674**	$ 568,430

(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 $8,515,314

Shares subject to escrow – Nil.

(b) Options

The outstanding options as at the date of this report are summarized as follows:

	Exercisable prices	Number of options outstanding	Expiry dates	Remaining contractual life (years)	Numbers of Exercisable at June 30, 2012
$	0.125	1,000,000	February 4, 2013	0.60	1,000,000
$	0.135	785,000	March 12, 2013	0.70	785,000
$	0.140	600,000	August 31, 2013	1.17	600,000
$	0.125	450,000	January 18, 2014	1.55	450,000
$	0.125	100,000	July 29, 2014	2.08	100,000
$	0.125	400,000	December 22, 2014	2.48	400,000
	$0.125 - 0.14	**3,335,000**			**3,335,000**

(c) Warrants

The outstanding warrants as at the date of this report 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	14-Feb-13
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 June 30, 2012		Exercise price per warrant	Expiry date
13,867,546	-	(1,600,000)	12,267,546		(see above)	(see above)
	2,600,000		2,600,000	$	0.010	February 24, 2017
13,867,546	**2,600,000**	**(1,600,000)**	**14,867,546**			

MAPLE LEAF REFORESTATION INC.

CORPORATE DATA

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

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DIRECTORS AND OFFICERS

- Raymond Lai: President, CEO & Chairman
- Daniel Chu: 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.
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