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 the year ended January 31, 2011 and 2010. This MD&A should be read in conjunction with the audited consolidated financial statements of Maple Leaf Reforestation Inc. ("Maple Leaf" or the "Company") for the year ended January 31, 2011.

This MD&A contains information up to and including May 27, 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" or "PRC").

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 trees 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 and the ability of the Company to obtain the necessary financing to complete the project development and 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 year ended January 31, 2011, sales from the greenhouse operation were $652,995 (fiscal 2010 - $147,037) and a gross profit of $53,869 (fiscal 2010 – gross loss of $135,611) was realized. A net loss of $210,933 (fiscal 2010 - $520,058) was recorded from the greenhouse operation for the year ended January 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 entered into a lease agreement with the government of Liang Cheng County, Inner Mongolia, China ("Liang Cheng") to lease a 110,000 square foot greenhouse, including 17 acres of adjacent usable land, for 10 years, for annual lease payment of approximately $45,000 (RMB¥ 300,000) to double its greenhouse capacity to expand the greenhouse operation in Inner Mongolia, China. Liang Cheng also agreed to purchase 15 million Chinese and Scott Pine seedlngs before November 1, 2011 for approximately $1.4 million (RMB¥ 9.5 million).

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 year ended January 31, 2011, 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. In February 2011, the Company secured a 300 acres parcel of land from the government of Inner Mongolia, China to grow Yellowhorn seedlings and trees. Eight acres of land will be used to grow approximately 500,000 Yellowhorn seedlings per year and the other 322 acres of land will be used to grow approximately 200,000 Yellowhorn trees. The Company is actively pursuing additional capital to expand the Yellowhorn project, but its viabilities mainly depends on the scale of financing the Company is able to secured in the near future.

1.2.3 Alfalfa Feedstock Operation

Due to the financial difficulties, the Company was not able to inject enough funds into the alfalfa operation to increase the production capacity of alfalfa and secure enough raw alfalfa material. In 2011, the Company decided to discontinue its alfalfa operation. On January 31, 2011, the Company entered into agreements to terminate the management agreements with its variable interest entities in the alfalfa feedstock operation and all assets and liabilities, including contingencies, if any, will be assumed by the variable interest entities. Accordingly, the alfalfa feedstock operation was reclassified as discontinued operations in the consolidated financial statements and the Company deconsolidated all its variable interest entities effectively January 31, 2011. The loss from this discontinued operation was $130,091 (fiscal 2010 – $447,887) for the year ended January 31, 2011, and gain on disposal of this discontinued component was $81,703.

1.2.4 Fertilizer Operation

In December, 2008, the Company entered into a Letter of Intent with the China Eco Program Development & Advisory Corp ("CEPDA"), a China based environmental project development company, for the construction of an organic fertilizer plant. Under this letter of intent, which includes a special "Build, Operate and Transfer" ("BOT") term, CEPDA will ensure and facilitate all possible government tax incentives; land use amendments and agreements; all licensing applications, approvals and permits; feasibility studies, engineering reviews and supply contracts; forward purchase agreements and facility construction.

Maple Leaf was required to provide the capital to build and expand the fertilizer plant and would have sole ownership of it. Under the special BOT arrangement, CEPDA was contracted to provide technical support, operations and professional management services for the plant during the beginning years of the operation.

However, due to the unsuccessful operation in the first year, the fertilizer plant was put on hold in fiscal 2010. During the year ended January 31, 2011, the Company decided to discontinue the fertilizer operation. On January 31, 2011, the Company entered into agreement to terminate the management agreements with its variable interest entities in the fertilizer project and all assets and liabilities, including contingencies, if any, of the fertilizer operation will be assumed by the variable interest entities. Accordingly, the fertilizer operation was reclassified as discontinued operations in the consolidated financial statements and Company deconsolidated its all variable interest entities effectively January 31, 2011. The loss from this discontinued operation was $123,569 (fiscal 2010 - $414,956) for the year ended January 31, 2011, and gain on disposal of this discontinued component was $133,520.

1.2.5 Other Developments

Supply Agreement for Feedstock Oil

In February 2010, the Company entered into a Supply Agreement with Biodis Engineering Ireland Limited (the "Supply Agreement"), which is a partially owned subsidiary of Biodis Engineering Swiss, S.A. ("Biodis"), for providing feedstock oil to Biodis. The Supply Agreement is for a three year term and includes the following terms and conditions:

- Maple Leaf shall be the exclusive Chinese supplier of feedstock oil to Biodis;
- To maintain its exclusive Chinese supplier status Maple Leaf shall supply Biodis with at least 10,000 tons of feedstock oil in year one, 15,000 tons in year two and 20,000 tons in year three;
- Biodis shall pay to Maple Leaf a 5% management fee on the total value of all feedstock oil that is purchased by Biodis from Chinese vendors. The management fee shall be paid on a per shipment basis; and
- All costs associated with shipping feedstock oil from China to Biodis' various plants and facilities will be incorporated into the overall cost of the feedstock oil.

As of the date of this MD&A, no feedstock oil has been supplied to Biodis. Maple Leaf is currently evaluating the sources to supply feedstock oil for Biodis.

MOU for Bio-Fuel Joint Venture

In March 2010, the Company entered into a Memorandum of Understanding with Biodis Engineering Ireland Limited (the "MOU"), which is a partially owned subsidiary of Biodis Engineering Swiss, S.A. ("Biodis"). This MOU further pursues the relationship Maple Leaf has with Biodis for the securing of feedstock oils for the production of bio-diesel. Pursuant to the MOU, Maple Leaf and Biodis will undertake to enter three separate joint venture agreements regarding the following projects (the Definitive Argreements"):

i) Installation of one Biodis made Bio-Diesel Plant with a minimum capacity of 7,000 tons per annum in Zhanjiang City, China;
ii) Construction of a facility for the collection and crushing of feedstock plants and the gathering of Recycled Vegetable Oil with a capacity of 10,000 tons per month in Zhanjiang City, China; and,
iii) Acquisition of enough land in different regions of China to grow one type or several types of feedstock plants in order to supply 100,000 to 150,000 tons of feedstock oil per year.

The MOU expired on December 31, 2010, and currently has no formal joint venture agreement entered by the parties.

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 to date, the Company was in dispute with a Lacey with respect to the above planned joint project. Lacey claimed that the Company had breached its obligations pursuant to their Agreement, and indicated that it would like to have the matter heard by an arbitrator. Lacey is seeking a compensation of $50,516. Management of the Company had determined that Lacey's claims have no merit.

Financing Efforts

In June 2010, the Company received a Letter of Acceptance from APEC Logic Investments Pty Limited ("APEC") for making a final application for a US$60 million investment loan (the "Loan") from a large private investment trust fund in Europe (the "Trust"). APEC is an authorized agent for the Trust and is an Australian-based international investment company with strategic partners and select investments in Asia and has offices in both Australia and Singapore. During the year, the Company received an offer for a $20 million loan from the Trust through APEC with conditions which the Company was not able to fully accept. As a result, the offer expired, but the Company continues to be in discussions with APEC regarding changing the conditions set-out in the offer.

The Company has also engaged other capital market representatives, including a group based out of Winnipeg, Manitoba, and a group based in the United States to assist the Company to raise additional funds. So far, no further financing has been secured from these financing groups.

1.3 Annual Financial Results

The following table set 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
		Restated	Restated
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 continued operation	**(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)
Basis and diluted per share from continued operations	**$ (0.03)**	$ (0.02)	$ (0.04)
Basis and diluted per share on discountinued operations	**$ (0.00)**	$ (0.01)	$ (0.01)
Basis and diluted loss per share	**$ (0.03)**	$ (0.03)	$ (0.05)

During the year ended January 31, 2011, due to the financial difficulties and unsuccessful operation, the Company discontinued its projects in feedstock and fertilizer operation, and pursuant to CICA Handbook Section 3475 "Disposal of Long-Lived Assets and Discontinued Operation", the operation results for fiscal 2011 and 2010 have been reclassified to reflect the discontinued operations of projects in feedstock and fertilizer operations.

Net loss in fiscal 2011 decreased by 3%, or $56,327, to $2,107,108 compared to the net loss of $2,163,345 in fiscal 2010. The decrease was mainly due to the improvement of the greenhouse operation and less loss on discontinued operations, offset by the increase of non-cash stock based compensation. During the year ended January 31, 2011, the loss from operation was $1,853,448 (fiscal 2010 - $1,300,589) and the loss on discontinued operation was $253,660 (fiscal 2010 - $862,846).

Sales from continuing operations, the greenhouse operation, in fiscal 2011was $652,995, an increase of $505,959, compared to the sales of $147,036 in fiscal 2010. The increase was mainly because the Company has been substantially improving the survival of the seedlings. Sales from discontinued operation in fiscal 2011 was $82,895 (fiscal 2010 - $278,354), which included the sale from the discontinued fertilizer projects of $9,432 (fiscal 2010 - $21,510) and from discontinued feedstock operation of $73,463 (fiscal 2010 - $256,842).

Cost of sales for continuing operations in fiscal 2011 was $599,123, an increase of $316,476, compared to the cost of sales of $282,647 in fiscal 2010. The increase of cost of sales was associated with the increase of sales. The cost associated to the revenue realized from discontinued operation in fiscal 2011 was $30,362 (fiscal 2010 - $310,715), including $22,268 (fiscal 2010 - $267,497) at the feedstock operation and $8,094 (fiscal 2010 - $43,218) at the fertilizer operation.

Gross profit in fiscal 2011 was $53,872, a substantial improvement of $189,483, compared to the negative gross profit of $135,611 in fiscal 2010, which was mainly the contribution of the improvement in the reforestation operation as the survival of seedlings is becoming sustainable.

Expenses in fiscal 2011, which included stock based compensation of $598,758 (fiscal 2010 - $29,614) were $1,731,917, an increase of $834,518, compared to expenses of $897,399, as a result of the increase in the non-cash stock based compensation expense of $569,144 and other operating expenses from continuing operations.

Other items in fiscal 2011 were a loss of $175,403 (fiscal 2010 – loss of $267,579), which included interest income of $nil (fiscal 2010 - $242), a write down of inventory of $175,403 (fiscal 2010 –$267,821).

Loss on discontinued operations in fiscal 2011 was $253,660 (fiscal 2010 - $862,846), which included loss from operations of discontinued components of $468,883 (fiscal - $862,846) and gain on disposal of discontinued components of $215,223 (fiscal 2010 - $nil). The decrease of loss on discontinued operation was mainly because of less activities of those discontinued components in fiscal 2011 and the gain on disposal of discontinued components was mainly attributed by the deconsolidation of the Company's variable interest entities.

1.4 Quarterly Financial Results

	Quarters ended			
	January 31, 2011	October 31, 2010	July 31, 2010	April 30, 2010
			Restated	Restated
Sales	$ 130,789	$ 262,406	$ 176,885	$ 82,915
Cost of sales	(95,467)	(256,764)	(149,190)	(97,702)
Gross profit	35,322	5,642	27,695	(14,787)
Expenses	(489,935)	(485,134)	(239,433)	(517,415)
Other income and expenses	(196,522)	20,089	1,030	-
Loss from continued operation	(651,135)	(459,403)	(210,708)	(532,202)
Income (loss) on discontinued operations	191,628	(300,810)	(76,729)	(67,749)
Net loss	$ (459,507)	$ (760,213)	$ (287,437)	$ (599,951)
Loss per share	$ (0.01)	$ (0.01)	$ (0.00)	$ (0.01)

	Quarters ended			
	January 31, 2010	October 31, 2009	July 31, 2009	April 30, 2009
	Restated			
Sales	$ 5,318	$ 26,300	$ 32,864	$ 82,554
Cost of sales	(49,771)	(10,346)	(100,800)	(121,730)
Gross profit	(44,453)	15,954	(67,936)	(39,176)
Expenses	(236,875)	(247,196)	(204,687)	(208,641)
Other income and expenses	(69,954)	(34,429)	74	(163,270)
Loss from continuing operations	(351,282)	(265,671)	(272,549)	(411,087)
Income (loss) on discontinued operations	(793,035)	(43,381)	36,242	(62,672)
Net loss	$ (1,144,317)	$ (309,052)	$ (236,307)	$ (473,759)
Loss per share	$ (0.02)	$ (0.00)	$ (0.00)	$ (0.01)

During the year ended January 31, 2011, due to the financial difficulties and unsuccessful operation, the Company discontinued its projects in feedstock and fertilizer operation, and pursuant to CICA Handbook Section 3475 "Disposal of Long-Lived Assets and Discontinued Operation", the operation results for each quarter of fiscal 2011 and 2010 have been reclassified to reflect the discontinued operations of projects in feedstock and fertilizer operations.

1.4.1 Fourth Quarter ended January 31, 2011 (Q4 2011)

Net loss in Q4 2011, which included loss of $651,135 (Q4, 2010 – loss of $351,282) from continuing operations and an income of $191,628 (Q4 2010 – loss of $793,035) on discontinued operations was $459,507, a decrease of $684,810, or 60% improvement, compared to the loss of $1,144,317 in Q4 2010. The decrease was mainly because the Company decided to discontinue its operations in the projects of feedstock and fertilizer and an income of $191,628 was recorded on the operations and disposal of the discontinued operations in Q4, 2011. The improvement in the greenhouse operation was another contribution factor to the decrease of loss in Q4 2011 compared to the same period last year.

Sales in Q4 2011was $130,789, an increase of $125,471, compared to the sales of $5,318 in the same quarter last year. The increase was mainly due to the significant improvement at the Company's greenhouse operation as the survival of seedlings is becoming sustainable.

Cost of sales in Q4 2011 was $95,467, an increase of $45,696, compared to the cost of sales of $49,771 in the same quarter last year. The increase of cost of sales was associated with the increase of sales in Q4, 2011.

Gross profit in Q4 2011 was $35,322 (same period last year – gross loss of $44,453), improved by 179%, which was mainly due to the significant improvement at the Company's greenhouse operation as the survival of seedlings is becoming sustainable.

Expenses in Q4 2011, which included stock based compensation of $129,137 (Q4 2010 - $5,341) were $489,953, an increase of $253,060, compared to expenses of $236,875, as a result of the increase in the non-cash stock based compensation expense of $123,796 and other operating expense from continuing operations.

Other items in Q4 2011 were a loss of $196,522 (Q4 2010 – loss of $69,954). The increase of loss in Q4 2011 was mainly due to a larger amount of inventory written off in Q4 2011 compared to the same period last year. In Q4 2011, a total of $196,552 seedling was written off compared to a total of $69,954 inventory written off in the same period last year.

Income (loss) on discontinued operation in Q4 2011 was $191,628, which included a gain on disposal of discontinued component of $215,233 (Q4 2010 - $nil) offset by a loss from discontinued operation of $23,605 (Q4 2010 – loss of $793,035). The gain realized on the disposal of discontinued operation was mainly attributed by the deconsolidation of the Company's variable interest entities upon the termination of the management agreements on January 31, 2011 and the decrease of loss from discontinued operation was mainly due to less operational activities in those discontinued components compared to same quarter last year.

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 October 31, 2010, the Company wrote down $218,723 of development stage costs as both the fertilizer and feedstock operation were determined not sustainable. The write down was reclassified and included in the loss from discontinued operations.

For the quarter ended April 30, 2010, the fertilizer business was put on hold and under review due to the unsuccessful first year operation in fiscal 2010, and the alfalfa feedstock operation was inactive as the Company was not able to secure enough alfalfa.

During the quarter ended January 31, 2010, the Company took back a total of $266,825 worth of its fish meal sold in the previous quarter with associated costs of $113,734 due to lack of storing capacity on the part of various distribution agents. Also the Company took impairment charges of $150,188 to development cost, and $298,131 to inventory. All those losses was reclassified and included in the loss from discontinued operations.

1.5 Liquidity and Capital Resources

1.5.1 Working Capital

At January 31, 2011, the Company has working capital of $231,930 compared to working capital position of $135,049 at January 31, 2010. As at January 31, 2011, cash and cash equivalents decreased by $30,900 to $48,766 as a result of: cash used in operating activities of $747,132 and cash used in investing activities of $42,049 offset by cash of $756,300 provided by financing activities and a positive exchange rate effect of $1,981.

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 $50,000 per month, including both head office expenses and costs relating to its operations in China, and also currently has convertible debentures of $102,500 outstanding, which mature September 8, 2012. Management is presently coordinating efforts 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. 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 been historically. Various debt financing possibilities are also being reviewed.

1.5.2 Cash flow

Operating activities in fiscal 2011 used cash of $747,132 (fiscal 2010 – used $1,035,382). Prior to changes in non-cash working capital items, which generate cash of $156,733 (fiscal 2010 – used $63,137), and cash used in discontinued operations of $12,257 (fiscal 2010 – $36,791), cash flow used in operating activities in fiscal 2011 was $891,608 (fiscal 2010 – $935,454). The decrease of cash used in operating activities was mainly due to the improvement in the greenhouse operation.

In Q4 2011, cash used in operating activities was $152,866 (Q4 2010 – $245,825). Due to the unprofitable operation, the Company was not able to generate positive operating cash flow in Q4 2011.

Investing activities in fiscal 2011 used cash of $42,049 (fiscal 2010 – used $341,434). The cash flow in investing activities included cash used in continuing operations to purchase property, plant and equipment of $27,035 (fiscal 2010 - $nil), acquire land lease of $16,720 (fiscal 2010 - $8,250), and cash from discontinued operations of $1,706 (fiscal 2010 – used $333,184). The decreased cash used in investing activities is mainly due to less investing activities in the discontinued operations in fertilizer project and feedstock project due to the financial difficulties encountered by the Company and the proceeds from disposal of certain property, plant and equipment.

In Q4 2011, a total of $59,019 cash used in the investing activities compared to $252,542 cash used in the same period last year. The decrease of cash used in investing activities was mainly due to less investing activities due to the unprofitable operation in fertilizer project and feedstock project as well as the financial difficulties of the Company.

Financing activities in fiscal 2011 generated cash of $756,300 through debt and equity financing while a total of $1,038,315 cash was generated through a private placement during last year.

In Q4 2011, the Company raised $85,750 through equity and debt financing while a total of $10,851 was raised in Q4, 2010.

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	
2012	$	12,136
2013		12,136
2014		12,136
2015		12,136
2016		3,034
Total	$	51,578

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 are as follows:

Year	Annual Payments	
2012	$	90,751
2013		92,554
2014		54,691
Total	$	237,996

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.

f) In February 2011, the Company entered into a lease agreement with the government of Liang Cheng County, Inner Mongolia, China to lease an 110,000 square foot greenhouse, including 17 acres of adjacent useable land, for 10 years, for annual lease payment of approximately $45,000 (RMB¥ 300,000) to expand the greenhouse operation in Inner Mongolia, China.

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.

The Company is continuously seeking and considering financing options and has a plan in place to raise additional funds through private placements and it is also pursuing some loan opportunities. Although there is no assurance that this additional working capital will be available shortly, management does expect 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:

Transactions with related parties		Year ended January 31, 2011		2010
Rents from companies associated with a director and officer (a)	$	**87,378**	$	106,828
Management fee to a director and officer (b)		**90,000**		90,000
Legal fee to a director and officer (d)		**60,000**		46,621
Consuting fee to a director and oficer (f)		**12,500**		-
Legal fee to Gowlings Lafleur Henderson LLP (c)		-		24,600

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

As at January 31, 2011, the balances with related parties, which are unsecured, non-interest bearing, and due on demand, are as follows:

Amount due from a realated party		January 31, 2011		January 31, 2010
Surge Technologies Inc. (a)	$	-	$	109,205

Amount due to a realated party		January 31, 2011		January 31, 2010
A directors and officers (d,e,&f)	$	**69,317**	$	1,000

(a) Surge Technologies Inc. ("Surge") was a public company with a director and officer in common with the Company. The Company subleased approximately 70% of its office space to Surge. In April 2010, Surge farmed-out its operation, including the sublease, to Nice Technologies Inc. ("Nice"), a private company with a director and officer in common with the Company. During the year ended January 31, 2011, both Surge and Nice were wound down, and accordingly, the Company wrote off all receivables from Surge and Nice and a total of $173,194 bad debts were recorded during the year ended January 31, 2011.

(b) During the year ended January 31, 2011, the Company paid $90,000 (fiscal 2010 - $90,000) 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 & analysis.

(c) During the year ended January 31, 2011, the Company paid $nil (fiscal 2010 - $24,600) to Gowling Lafleuer Henderson LLP, a law firm which a director and officer was a member, for its legal services provided.

(d) During the year ended January 31, 2011, the Company incurred legal fees of $60,000 (fiscal 2010 - $46,621) payable to Brad R Docherty Professional Corporation, a law firm which a director and officer is a member, and the director and officer for legal services provided. As at January 31, 2011, a total of $52,746 remained outstanding.

(e) As at January 31, 2011, $13,771 (January 31, 2010 - $1,000) is payable to directors and officers of the Company for reimbursement of expenses incurred on behalf of the Company.

(f) During the year ended January 31, 2011, the Company incurred consulting fee of $12,500 (fiscal 2010 – $nil) payable to Decapital Inc., a private company controlled by a director and officer of the Company, and the director and officer for consulting services provided. As at January 31, 2011, a total of $2,800 remained outstanding.

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 Canadian GAAP 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

Income taxes are accounted for using the liability method. Current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax assets and liabilities are determined by the differences between the tax and accounting basis of assets and liabilities. The benefit of losses available to be carried forward to future years for tax purposes is recognized only if it is more likely than not that it will be realized. Future income taxes are estimated using the substantially enacted tax rates expected to be in effect, when the differences reverse, in the jurisdiction where the Company is operating.

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

1.9 Future Accounting Changes

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

Canadian publicly listed companies will be required to prepare financial statements in accordance with IFRS for interim and annual periods beginning on or after January 1, 2011. The Company's first mandatory filing under IFRS, which will be the first quarter of fiscal 2012, will include IFRS-compliant financial statements on a comparative basis, as well as reconciliations for that quarter and as at the February 1, 2010 transition date. Although IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in recognition, measurement and disclosure.

The Company's IFRS conversion plan consists of three phases which are design and planning, assess and quantify, and implementation. During fiscal 2011, the IFRS conversion plan was substantially executed.

The Company's opening IFRS statement of financial position will reflect the impact of the following expected election available to entities adopting IFRS for the first time:

i) **Share based payment**: In accordance with IFRS 2, Share based payment, the Company will recognize a forfeiture rate on its initial recognition of stock option grants. In applying the IFRS 1 election available, the effect of the forfeiture rates will be applied only to unvested options at the date of transition.

ii) **Borrowing costs:** In accordance with the transitional provisions of IAS 23, the Company will measure all qualifying assets at cost in the opening IFRS statement of financial position. In applying the IFRS 1 election available, the Company may not retrospectively restate all borrowing costs previously not capitalized.

The Company is still finalizing the impacts of the IFRS conversion adjustments on its fiscal 2011 opening balances and statement of operation. It is expected that all adjustment will be completed within the require timeline for the conversion.

In fiscal 2012, the Company will finalize its IFRS quarterly and annual financial statements and related disclosures. It is expected that all items will completed within the require timeline for conversion.

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 January 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 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 January 31, 2011			
	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	$ 48,766	$ -	$ -	$ 48,766

(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 January 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	**January 31, 2011**	January 31, 2010 (Restated)
Canadian dollars	**$ 4,437**	$ 166,226
Chinese yuan	**64,466**	120,968
Total financial assets	**$ 68,903**	$ 287,194
Canadian dollars	**$ 459,207**	$ 552,945
Chinese yuan	**82,493**	455,404
Total financial liabilities	**$ 541,700**	$ 1,008,349

As at January 31, 2011, with other variables unchanged, a 1% strengthening (weakening) of the Chinese

Renminbi against the Canadian dollar would have decreased (increase) other comprehensive income by approximately $30,322 (January 31, 2010 - $23,518).

(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 January 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 January 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 the year ended January 31, 2011.

The management of the Company has filed the Venture Issuer Basic Certificate with the Annual 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.

<u>Re-statement of the consolidated statements for the year ended January 31, 2010</u>

During the audit of the consolidated statements for the year ended January 31, 2011, management discovered some accounting errors on the consolidated statements for the year ended January 31, 2010, and accordingly, the misstatement were corrected and the consolidated statements for the year ended January 31, 2010 were restated.

Please refer to note 18 on the consolidated statements for the year ended January 31, 2011 for the detailed restatements.

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;

Deferred charges and other assets included deferred charges, which is the set up costs for the new business, patent use rights, deferred land lease, and biological assets. Due to the unsuccessful yellowhorn tree and alfalfa feedstock operation in Xinjiang and unsuccessful fertilizer operation in Hunan, the Company wrote off $209,116 (year ended January 31, 2010 - $129,864) deferred charges and other assets for the year ended January 31, 2011. Deferred charges and other assets consist of the following:

	January 31, 2011			January 31, 2010 (restated)		
	Costs	**Amortization**	**Net book value**	Costs	Amortization	Net book value
Land lease	**$ 92,537**	**$ (14,412)**	**$ 78,126**	$ 78,000	$ (11,856)	$ 66,144
Patents	**-**	**-**	**-**	163,800	(846)	162,954
Other long-term assets	**-**	**-**	**-**	61,694	-	61,694
	$ 92,537	**$ (14,412)**	**$ 78,126**	$ 303,494	$ (12,702)	$ 290,791

(d) general and adminstration expenses;

	Year ended January 31,	
	2011	2010 (Restated)
Travel and promotion	**$ 164,025**	$ 55,378
Salaries and wages	**173,802**	217,268
Professional fees	**203,741**	162,123
Consulting fees	**60,500**	126,104
Stock based compensation	**598,758**	29,614
Office	**36,947**	50,619
Management salaries	**90,000**	90,000
Rental	**38,002**	37,526
Meals and entertainment	**9,775**	13,169
Filing and transfer agent	**38,305**	18,497
Telephone	**6,085**	5,653
Amortization	**4,151**	8,419
Shareholder information and promotion	**51,528**	17,535
Foreign exchange loss	**5,420**	-
Bad debt	**173,194**	-
Repair and mantenance	-	698
Interest and bank charges	**77,684**	64,796
Total	**$ 1,731,917**	897,399

(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 – 80,169,715 common shares outstanding

Shares subject to escrow – Nil.

(b) Options

The outstanding options as at the date of this MD&A are summarized as follows:

	Exercise prices	**Number of options outstanding**	Expiry dates
$	0.110	300,000	May 4, 2014
$	0.200	500,000	February 29, 2012
$	0.125	1,950,000	February 4, 2013
$	0.135	1,335,000	March 12, 2013
$	0.200	100,000	June 30, 2013
$	0.350	100,000	June 30, 2013
$	0.140	900,000	August 31, 2013
$	0.130	450,000	October 1, 2013
$	0.130	450,000	January 18, 2014
$	0.125	350,000	February 2, 2014
$	0.175	350,000	February 2, 2014
$	0.085	684,458	February 14, 2013
$	**0.11 - 0.35**	**7,469,458**	

(c) Warrants

The outstanding warrants as at date of this MD&A are summarized as follows:

Number of warrants outstanding	Exercise price per warrant	Expiry date
1,000,000	$0.25	March 25, 2012
2,187,500	$0.20	August 9, 2012
2,350,000	$0.20	September 7, 2012
7,645,588	$0.085	February 14, 2013
13,183,088		

MAPLE LEAF REFORESTATION INC.

CORPORATE DATA

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

HEAD OFFICE

Suite 105, 3510-29th Street NE
Calgary, Alberta, T1Y 7H9

Contact: Raymond Lai
Telephone: (403) 668-7560
Fax: (403) 250-2534
E-Mail: Rlai@mlreforestation.com
website: www.mlreforestation.com

DIRECTORS AND OFFICERS

- Raymond Lai: President, CEO & Chairman
- Derek Liu: CFO & Director
- Brad Docherty: Legal Counsel, Corporate Secretary & Director
- Joe Wong: Director
- Perry Lee: V.P. Bio-fuel and Waste Oil Project Development

REGISTAR AND TRANSFER AGENT

Valiant Trust Company
310, 606 – 4th Street SW
Calgary, AB T2P 1T1