SONOMA CAPITAL INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE AND SIX MONTH PERIOD ENDED JANUARY 31, 2011 and 2010

March 31, 2011

The following discussion and analysis of the operating results and financial position is supplementary to, and should be read in conjunction with the interim unaudited financial statements for the three and six month period ended January 31, 2011 and January 31, 2010 of Sonoma Capital Inc. ("Sonoma" or the "Company"). The financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada. All monetary amounts are expressed in Canadian dollars.

Forward-Looking Information

The discussion and analysis and other sections of this report contain forward-looking statements. These forward-looking statements, by their nature, necessarily involve risks and uncertainties that could cause results to differ materially from those contemplated by these forward-looking statements. Management considers the assumptions on which these forward-looking statements are based to be reasonable at the time the statements were prepared, but cautions the reader that they could cause actual results to differ materially from those anticipated.

Company Overview

Sonoma Capital Inc.

Sonoma Capital Inc. ("Sonoma" or the "Company") was incorporated under the Canada Business Corporations Act on July 19, 2004 and is a reporting issuer that is currently not listed or quoted on a marketplace. The Company has nominal assets other than cash and proposes to identify and evaluate potential acquisitions or businesses with a view to completing a transaction.

On January 31, 2007, the Company filed a final prospectus relating to the issue and sale of a minimum of 1,750,000 common shares and a maximum of 3,000,000 common shares at the price of $0.20 per common share for total net proceeds of a minimum of $350,000, excluding the underwriter's fees and other issuance fees of $120,000, and a maximum of $600,000, excluding the underwriter's fees and other issuance fees of $140,000. The Company was unable to complete this initial public offering. As at July 31, 2007, the final prospectus is no longer offered to the public.

Due to costs associated with the failed initial public offering, the Company did not have sufficient cash to meet its continuous disclosure obligations, as required by securities regulations. This resulted in a cease trading order being issued against the Company by the securities regulatory authorities. On August 26, 2010 such cease trade order was lifted. Management believes that the Company can meet its continuous disclosure obligations in the future.

The Company is focused on seeking financing and acquisition opportunities.

The Company proposes to identify and evaluate potential business opportunities, and once identified and evaluated, to negotiate an acquisition or participation subject to receipt of shareholder and regulatory approval. There is no assurance that the Company will identify an appropriate business for acquisition or investment and even if so identified and warranted, the Company may not be able to finance such acquisition or investment. Additional funds may be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such funding on acceptable terms.

Management anticipates that ongoing costs relating to the identification, evaluation, due diligence, negotiation and completion of an acquisition or adoption and execution of a new business plan will be incurred in future periods. The timing and magnitude of these costs is not predictable. These costs may be significant and could possibly result in higher general and administrative expenses.

The Company has no assets other than cash and a GST receivable. The Company has no employees and the time committed to the Company by officers, directors and other consultants may be limited.

Selected Interim Information

Summarized selected financial information with respect to Sonoma for the three-month and six-month period ended January 31, 2011 and 2010 is as follows:

	Three months ended January 31, 2011	Three months ended January 31, 2010 *Restated Note 1*	**Six months ended January 31, 2011**	Six Months ended January 31, 2010 *Restated Note 1*
Total expenses	**$ 4,935**	$ 22	**$ 12,047**	$ 5,045
Net loss	**(4,935)**	(22)	**(12,047)**	(5,045)
(Loss) per share	**(0.005)**	(0.000)	**(0.012)**	(0.005)
Total assets	**2,125**	8,162	**2,125**	8,162
Total liabilities	**79,131**	18,508	**79,131**	18,508
Shareholders' deficiency	(177,006)	(114,398)	(177,006)	(114,398)
Cash dividends declared	-	-	-	-

Note 1: The Company has restated certain components of its balance sheet at July 31, 2009 as a result of the discovery of a trust account at a law firm that had not previously been recorded.

Operating Results for the Three Month Period Ended January 31, 2011 compared to the Three Month Period Ended January 31, 2010

Sonoma recorded a loss of $4,935 during the three month period ended January 31, 2011 compared to $22 during the three month period ended January 31, 2010.

Professional fees for the three month period ended January 31, 2011 were $4,294 compared to $Nil for the comparative period in the prior year and represent legal fees and accounting fees. The legal and accounting fees were associated with advice on regulatory compliance and to maintain the Company's accounting records.

Interest and bank charges totaled $641 during the three month period ended January 31, 2011 compared to $22 for the comparative period in the prior year. Interest charges relate to amounts accrued on notes payable to related parties.

Loss per share during three month period ended January 31, 2011 was $(0.005) compared to $(0.000) during the comparative period in the prior year.

Operating Results for the Six Month Period Ended January 31, 2011 compared to the Six Month Period Ended January 31, 2010

Sonoma recorded a loss of $12,047 during the six-month period ended January 31, 2011 compared to $5,045 during the six-month period ended January 31, 2010.

Professional fees for the six month period ended January 31, 2011 were $9,409 compared to $5,000 for the comparative period in the prior year and represent legal and accounting fees. The legal and accounting fees were associated with advice on regulatory compliance and to maintain the Company's accounting records.

Filing fees totaled $1,597 during the period ended January 31, 2011 and $Nil for the comparative period in the prior year which represents annual fees of provincial regulators.

Interest and bank charges totaled $1,041 during the six-month period ended January 31, 2011 compared to $45 for the comparative period in prior year. Interest charges relate to amounts accrued on notes payable to related parties.

Loss per share during six month period ended January 31, 2011 was $(0.012) compared to $(0.005) during the comparative period in the prior year.

Summary of Quarterly Results

The following table presents selected financial data of the Company for its last eight quarters as reported in the particular period:

Quarter Fiscal Yr.	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009
Net (loss)	(4,935)	(7,112)	(50,538)	(23)	(22)	(5,023)	(2,523)	(516)
(Loss) per share	(0.005)	(0.007)	(0.051)	(0.00)	(0.00)	(0.005)	(0.003)	(0.00)

Liquidity

The Company had a working capital deficit of $77,006 at January 31, 2011 compared to $64,959 at July 31, 2010.

At January 31, 2011, current assets were $2,125 and consisted of $1,018 of cash and $1,107 of receivables down from a cash balance of $4,659 as at July 31, 2010.

Total liabilities were $79,131 at January 31, 2011 up from $69,618 at July 31, 2010. Accounts payable and accrued liabilities declined $6,987 from $45,918 as at July 31, 2010 to $38,931 at January 31, 2011. Primarily all amounts in accounts payables and accrued liabilities relate to professional fees for accounting and legal services. Interest accrued on notes payable of $1,651 is included in accounts payables and accrued liabilities. Notes payable increased to $40,200 at January 31, 2011 or $16,500 from $23,700 as at July 31, 2010.

Shareholders' deficiency increased from $164,959 on July 31, 2010 to $177,006 on January 31, 2011 as a result of a $12,047 loss incurred during the six month period ended January 31, 2011.

Capital Resources

The Company financed operations during the six month period ended January 31, 2011 through the receipt of $16,500 from FOI, in return the Company issued an 8% promissory note. As of January 31, 2011, the Company had $2,125 of cash and cash equivalents, which management believes is not sufficient to meet all current and expected liabilities without a financing. Until such time as the Company identifies a business enterprise for the acquisition, it is contemplated that the working capital requirements of the Corporation will relate generally to expenses associated with the Company's continuous disclosure obligations under applicable securities legislation, other expenses associated with the listing of the shares, when and if the shares are listed, and costs incurred in identifying, evaluating and executing a potential acquisition or in adopting and executing on a new business plan. The only material ongoing contractual obligations of the Company relate to the payment of transfer agency fees and legal, audit and accounting fees.

Management believes it has enough cash to continue to meet its ongoing disclosure requirements until a financing is completed. There are no guarantees the cash on hand will provide sufficient liquidity to perform all the necessary steps to complete a financing.

Off-Balance Sheet Arrangements

As of January 31, 2011, the Company had no off balance sheet arrangements.

Related-Party Transactions

On April 17, 2008, the Company issued a $5,000 non-interest bearing note payable to Walter Lee, a shareholder of the Company, which is unsecured, due on demand and has no specific repayment date.

On November 16, 2010, FOI and certain directors acquired 600,000 shares of the Company's common stock, representing an ownership interest of 60%.

On May 4, 2010, July 16, 2010, November 8, 2010 and January 5, 2011, the Company issued 8% interest bearing promissory notes of $16,000, $2,700, $6,500 and $10,000, respectively, to FOI. FOI is a related party due to it being a shareholder of the Company and also by virtue of certain common officers and directors. The interest accrued on these notes of $1,651 is included in accounts payables and accrued liabilities.

Share Capital

As at January 31, 2011, Sonoma had authorized unlimited common shares without par value and had issued 1,000,000 common shares. The Company has no options or warrants outstanding.

Financial Instruments and Other Instruments

Sonoma's financial instruments consist of cash and cash equivalents and accounts payable and accrued liabilities. It is management's opinion that Sonoma is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the carrying value of these items approximate their fair value due to the relatively short periods to maturity.

Critical Accounting Estimates

The Company's financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The critical accounting policies followed by the Company are as follows:

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Loss per Share

Basic loss per share is calculated using the weighted-average number of shares outstanding during the year. Contingently issuable shares are not considered outstanding common shares and consequently not included in loss per share calculation. The Company uses the treasury stock method to compute the dilutive effect of options and similar instruments. Under this method, the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options and similar instruments. It assumes that proceeds would be used to purchase common shares at the average market price during the year. Diluted earnings (loss) per share calculation assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings (loss) per share. Diluted loss per share is equal to basic loss per share when the effects would be anti-dilutive.

Changes in Accounting Policies

On May 1, 2009, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, Goodwill and Intangible Assets ("CICA 3064"). CICA 3064, which replaces Section 3062, Goodwill and Intangible Assets, and Section 3450, Research and Development Costs, establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The adoption of this standard did not have any impact on the presentation of the Company's financial statements.

In February 2008, the Accounting Standards Board (AcSB) confirmed that the use of IFRS will be required in 2011 for publicly accountable enterprises in Canada. In April 2008, the AcSB issued an IFRS Omnibus Exposure Draft proposing that publicly accountable enterprises be required to apply IFRS, in full and without modification, for the year ends beginning on or after January 1, 2011. The adoption date of August 1, 2011 will require the restatement, for comparative purposes, of amounts reported by the Company for its year ended July 31, 2011, and the opening balance sheet as at August 1, 2010. The AcSB proposes that the CICA Handbook Section, Accounting Changes, paragraph 1506.30, which would require an entity to disclose information relating to the new primary source of GAAP that has been issued but is not yet effective and that the entity has not applied, with respect to the IFRS Omnibus Exposure Draft.

The Company has implemented a four-stage conversion process into IFRS. Phase 1 - preliminary plan and scoping; Phase 2 - detailed assessment, conversion planning and development; Phase 3 - implementation and parallel reporting; and Phase 4 - ongoing monitoring and IFRS updates. The preliminary plan and scoping includes the identification of significant differences between existing Canadian GAAP and IFRS as relevant to the Company's specific situation. The initial assessment and planning will be followed by an in-depth analysis and assessment which includes the identification, evaluation and selection of the accounting policies necessary for the Company to changeover to IFRS. This phase will also identify all internal procedures and systems that have to be updated in order for the Company to comply with IFRS requirements. In the third phase, the Company will implement the accounting changes and the required modifications to internal procedures, controls and systems. In Phase 4, the Company will continue to monitor its transition to IFRS and any changes to the IFRS standards and make adjustments to its internal procedures, controls and systems accordingly.

Outlook

Activities of management include completing the necessary filings to maintain the public listing and performing due diligence on the proposed qualifying transaction. Management is hopeful to complete the qualifying transaction within calendar year 2011.