SONOMA CAPITAL INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTH PERIOD ENDED April 30, 2011 and 2010

June 28, 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 nine month period ended April 30, 2011 and April 30, 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/HST 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 nine-month period ended April 30, 2011 and 2010 is as follows:

	Three months ended April 30, 2011	Three months ended April 30, 2010 *Restated Note 1*	**Nine months ended April 30, 2011**	Nine Months ended April 30, 2010 *Restated Note 1*
Total expenses	**$ 11,876**	$ 23	**$ 23,923**	$ 5,068
Net loss	**$ (11,876)**	$ (23)	**$ (23,923)**	$ (5,068)
(Loss) per share	**(0.012)**	(0.000)	**(0.024)**	(0.005)
Total assets	**$ 3,142**	$ 10,639	**$ 3,142**	$ 10,639
Total liabilities	**$ 92,024**	$ 25,060	**$ 92,024**	$ 25,060
Shareholders' deficiency	(188,882)	(114,421)	(188,882)	(114,421)
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 April 30, 2011 compared to the Three Month Period Ended April 30, 2010

Sonoma recorded a loss of $11,876 during the three month period ended April 30, 2011 compared to $23 during the three month period ended April 30, 2010.

Professional fees for the three month period ended April 30, 2011 were $11,193 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 $683 during the three month period ended April 30, 2011 compared to $23 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 April 30, 2011 was $(0.012) compared to $(0.000) during the comparative period in the prior year.

Operating Results for the Nine Month Period Ended April 30, 2011 compared to the Nine Month Period Ended April 30, 2010

Sonoma recorded a loss of $23,923 during the nine-month period ended April 30, 2011 compared to $5,068 during the nine-month period ended April 30, 2010.

Professional fees for the nine month period ended April 30, 2011 were $ 20,602 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 April 30, 2011 and $Nil for the comparative period in the prior year which represents annual fees of provincial regulators.

Interest and bank charges totaled $1,724 during the nine-month period ended April 30, 2011 compared to $68 for the comparative period in prior year. Interest charges relate to amounts accrued on notes payable to related parties.

Loss per share during nine month period ended April 30, 2011 was $(0.024) 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.	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009
Net (loss)	(11,876)	(4,935)	(7,112)	(50,538)	(23)	(22)	(5,023)	(2,523)
(Loss) per share	(0.012)	(0.005)	(0.007)	(0.051)	(0.00)	(0.00)	(0.005)	(0.003)

Liquidity

The Company had a working capital deficit of $88,882 at April 30, 2011 compared to $64,959 at July 31, 2010.

At April 30, 2011, current assets were $3,142 and consisted of $1,018 of cash and $2,124 of GST receivables down from a cash balance of $4,659 as at July 31, 2010.

Total liabilities were $92,024 at April 30, 2011 up from $69,618 at July 31, 2010. Accounts payable and accrued liabilities increased $5,906 from $45,918 as at July 31, 2010 to $51,824 at April 30, 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 $1,934 is included in accounts payables and accrued liabilities. Notes payable increased to $40,200 at April 30, 2011 or $16,500 from $23,700 as at July 31, 2010.

Shareholders' deficiency increased from $164,959 on July 31, 2010 to $188,882 on April 30, 2011 as a result of a $23,923 loss incurred during the nine month period ended April 30, 2011.

Capital Resources

The Company financed operations during the nine month period ended April 30, 2011 through the receipt of $16,500 from FOI, in return the Company issued an 8% promissory note. As of April 30, 2011, the Company had $1,018 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 April 30, 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 $1,934 is included in accounts payables and accrued liabilities.

Share Capital

As at April 30, 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 approximates 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.

International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board ("**CASB**") has confirmed that IFRS will replace current Canadian GAAP for publicly accountable enterprises, effective for fiscal years beginning on or after January 1, 2011. Accordingly, Sonoma will report interim and annual financial statements (with comparatives) in accordance with IFRS beginning with the three month period ended October 31, 2011. Sonoma's 2011 interim and annual financial statements will include comparative 2010 financial statements, adjusted to comply with IFRS.

IFRS Transition Plan

Sonoma has established an IFRS transition plan to implement IFRS. The following summarizes Sonoma's progress and expectations with respect to its IFRS transition plan:

1.	Initial scoping and analysis of key areas for which accounting policies may be impacted by the transition to IFRS	Completed
2.	Detailed evaluation of potential changes required to accounting policies, information systems and business processes, including the application of IFRS 1 - First-time Adoption of International Financial Reporting Standards.	In progress
3.	Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives.	Scheduled following completion of Step 2
4.	Resolution of the accounting policy change implications on information technology, business process and contractual arrangements.	Scheduled following completion of Step 3
5.	Quantification of the financial statement impact of changes in	On going

	accounting policies.	
6.	Management and employee education and training.	On going

First-time Adoption of IFRS

The adoption of IFRS requires the application of IFRS1 – First-time Adoption of International Financial Reporting Standards ("**IFRS 1**"), which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS, effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to the retrospective treatment.

The following is provided in connection with Sonoma's expected adoption of IFRS and preparation of an opening IFRS statement of financial position as at August 1, 2010 (the "**Transition Date**").

Initial Elections Upon Adoption.

Set forth below are the IFRS 1 elections that Sonoma expects to make at adoption to IFRS.

IFRS Exemption Options:

- To apply IFRS 2 *Share-based Payments* only to equity instruments issued after November 7, 2002, and that had not vested by transition date.

IFRS Mandatory Exceptions

- Estimates – Hindsight is not used to create or revise estimates. The estimates Sonoma previously made under Canadian GAAP cannot be revised for application of IFRS except where necessary to reflect any difference in accounting policies.

The above optional exemptions and mandatory exceptions are to be adopted in Sonoma's first interim financial statements reporting in accordance with IFRS for the quarter ending October 31, 2011.

Impact of Adopting IFRS on Sonoma's Business

Sonoma is in the process of developing its internal control and financial information gathering systems to satisfy the requirements on internal control and financial information collection for financial reporting under IFRS. As part of its analysis of potential changes to significant accounting policies, Sonoma has assessed what changes may be required to its accounting systems and business processes. Sonoma believes that the changes identified to date are not material and its systems and processes can generally accommodate the necessary changes.

To date, Sonoma has not identified any contractual arrangements that may be affected by potential changes to significant accounting policies.

Sonoma's management involved in the preparation of the financial statements are being trained on the relevant aspects of IFRS and the anticipated changes to accounting policies.

The Board of Directors have been regularly updated on the progress of the IFRS conversion plan, and made aware of the evaluation to date of the key aspects of IFRS affecting Sonoma.

Impact of Adopting IFRS on the Company's Financial Statements:

The adoption of IFRS will result in some changes to Sonoma's accounting policies that are applied in the recognition, measurement and disclosure of balances and transactions in its financial statements.

The following provides a summary of Sonoma's evaluation to date of potential changes to accounting policies in key areas based on the current standards and guidance within IFRS. This is not intended to be a complete list of areas where the adoption of IFRS will require a change in accounting policies, but to highlight the areas Sonoma has identified as having the most potential for a significant change. The International Accounting Standards Board has a number of ongoing projects, the outcome of which may have an effect on the changes required to Sonoma's accounting policies on adoption of IFRS.

At the present time, however, Sonoma is not aware of any significant expected changes prior to its adoption of IFRS that would affect the summary provided below.

1) Valuation of Financial Instruments Reflecting Credit Risk

   Canadian GAAP – Current Canadian GAAP has issued a new pronouncement related to the consideration of credit risk and Sonoma has adopted the applicable pronouncement.

   IFRS – IFRS contains specific guidance regarding the determination and measurement of credit risk and such guidance will be adopted by Sonoma effective on August 1, 2010, the transition date.

2) Income Taxes

   In certain circumstances, IFRS contains different requirements related to recognition and measurement of future income taxes.

   Sonoma does not expect any change to its accounting policies related to income taxes that would result in a significant change to line items within its financial statements.

Subsequent Disclosure

- Sonoma completed its IFRS transition plan in 2010 and 2011 and will compose its IFRS opening balance sheet as at August 1, 2010, the transition date before its interim reporting for the quarter ended October 31, 2011.

- Sonoma's first financial statements prepared in accordance with IFRS will be the interim financial statements for the three month period ending October 31, 2011, which will include notes disclosing transitional information and disclosure of new accounting policies under IFRS. The interim financial statements for the three months ending October 31, 2011 will also include 2010 financial statements for the comparative period, adjusted to comply with IFRS, and Sonoma transition date IFRS statement of financial position at August 1, 2010.

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.