Mercury Capital Limited

Management's Discussion and Analysis

For the period from incorporation (July 22, 2010) to December 31, 2010

This Management's Discussion & Analysis ("**MD&A**") was prepared as of December 31, 2010 to assist readers in understanding Mercury Capital Limited's (the "**Company**") financial performance for the period from incorporation (July 22, 2010) to December 31, 2010. This MD&A, dated April 29, 2011, should be read in conjunction with the unaudited financial statements for the period from incorporation (July 22, 2010) to December 31, 2010 of the Company. Amounts herein are expressed in Canadian dollars except where indicated otherwise and the financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Additional information related to the Company is available for viewing on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

Certain statements contained within this document, and in certain documents incorporated herein by reference, constitute forward looking statements. These statements relate to future events or the Company's future performance. Forward looking statements are often, but not always, identified by the use of words: "expect", "will", "would", "seek", "anticipate", "budget", "continue", "plan", "forecast", "may", "estimate", "intend", "could", "might", "should", "believe", "potential", "target" or other similar expressions or phrases. These statements involve known and unknown risks, uncertainties, and other factors that may cause actual results or events to differ materially from those anticipated in such forward looking statements. Management believes the expectations reflected in such forward looking statements to be reasonable based on information reviewed at the time of writing, but no assurance can be given that these expectations will prove to be correct or will lead to the expected result, and such forward looking statements included herein, or incorporated by reference into this document should not be unduly relied on.

These forward looking statements speak only as of the date of this document, or as of the date specified in the documents incorporated into this document by reference, as the case may be.

Actual results could differ materially from those anticipated in these forward looking statements as a result of the risk factors set forth in this document. These risks, uncertainties and factors may include, but are not limited to: unavailability of financing, changes in government regulation, general economic conditions, general business conditions, limited time being devoted to the business by directors, escalating professional fees, escalating transaction costs and the failure to identify or successfully complete a Qualifying Transaction (as defined herein). Readers are cautioned that the risk factors listed in this document are not exhaustive.

The forward looking statements contained in the document and documents incorporated by reference are expressly qualified by this cautionary statement. Management and the Company do not undertake any obligation to publicly update or revise any forward looking statements except as required by securities law.

OVERVIEW

The Company was incorporated under the *Business Corporations Act* (Ontario) on July 22, 2010. The Company is classified as a Capital Pool Company ("**CPC**") as defined in Policy 2.4 – Capital Pool Companies ("**Policy 2.4**") of the TSX Venture Exchange (the "**Exchange**"). On October 27, 2010, the Company received final receipt from the Ontario Securities Commission for a prospectus dated October 26, 2010 and became a reporting issuer in the provinces of Alberta, British Columbia and Ontario. The Company completed its initial public offering ("**IPO**") on January 28, 2011 and raised gross proceeds of $319,950. The Company's common shares were listed for trading on the Exchange on February 2, 2011 under the symbol MCL.P.

The Company has no assets other than cash, accounts receivable and other receivables, and deferred share issuance costs. The proceeds from the IPO and private placements prior to the IPO are expected to provide the Company with sufficient funds to identify and evaluate business or assets with a view to completing a "Qualifying Transaction" as defined in Policy 2.4. The Company will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a proposed Qualifying Transaction.

SELECTED ANNUAL INFORMATION

The following is selected annual information for the preceding period:

	July 22, 2010 (date of incorporation) to December 31, 2010
Net revenues	Nil
Interest income	Nil
Net loss	$6,800
Total assets	$138,386
Long term liabilities	Nil
Cash dividends per share	Nil

RESULTS OF OPERATIONS

The financial statements for the period from incorporation (July 22, 2010) to December 31, 2010 are incorporated by reference herein and form an integral part of this MD&A.

The Company is a CPC and has no sales revenue. Until such time as the Company completes a Qualifying Transaction as required by the Exchange, corporate expenditures will be restricted to costs of raising equity financing, administrative costs to maintain the Company in good standing and costs to identify and evaluate potential business opportunities.

During the period from incorporation on July 22, 2010 to December 31, 2010, the Company had no revenue.

Operating expenses for the period from incorporation (July 22, 2010) to December 31, 2010 was $6,800 and consisted of professional fees.

SUMMARY OF QUARTERLY RESULTS

The following summarizes the Company's quarterly results for the quarters ended since the Company became a reporting issuer:

	December 31, 2010
Revenue	nil
Expenses	$6,800
Net loss	$(6,800)
Total assets	$138,386

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2010, the Company had cash of $73,956 held in the Company's trust account. The Company's accounts payable and accrued liabilities outstanding as at December 31, 2010 was $45,186. The Company's working capital as at December 31, 2010 was $32,390.

The Company has sufficient working capital at this time to meet its current year's anticipated financial obligations. As of the date of this MD&A, the Company has no outstanding commitments. The Company has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants.

Cash used in operating activities

The Company used cash in operating activities of $34,766 during the period ended December 31, 2010, caused primarily from on-going professional fees and costs associated with the initial public offering. The Company expects to continue to generate negative cash from operating activities in the future until at least its Qualifying Transaction is completed and the Company commences revenue generation.

Cash provided by financing activities

During the period ended December 31, 2010, the Company raised proceeds of $100,000 from the sale of 1,000,000 common shares issued at a price of $0.10 per share. This resulted in cash provided by financing activities of $100,000 during the period ended December 31, 2010.

OFF BALANCE SHEET ARRANGEMENTS

The Company is not a party to any off balance sheet arrangements or transactions.

TRANSACTIONS WITH RELATED PARTIES

Legal fees, including disbursements, of $25,830 is included in deferred share issuance costs and payable at year-end to a law firm in which two directors (Robbie Grossman and Barry M. Polisuk) of the Company are partners.

FOURTH QUARTER

The expenses incurred by the Company in the three months ended December 31, 2010 were for professional fees in preparation for the IPO.

CRITICAL ACCOUNTING 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. The Company bases its estimates on historical experience and other assumptions as required that management believes are reasonable in the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities. The Company reviews its estimates on an on-going basis in order to ensure the appropriateness of the estimates.

IFRS CONVERSION

On February 13, 2008, Canada's Accounting Standards Board confirmed January 1, 2011 as the effective date for the convergence of Canadian GAAP to International Financial Reporting Standards for publicly accountable enterprises. The transition date of January 1, 2011 for the Company will require restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. The Company does not expect the IFRS conversion to have a significant impact on its financial statements until such time if and when a Qualifying Transaction is consummated. The extent and impact of the conversion to IFRS may be significantly impacted by the Qualifying Transaction that is currently being pursued. The Company will develop an IFRS conversion plan subsequent to completion of the Qualifying Transaction.

FINANCIAL INSTRUMENTS

As at December 31, 2010, the Company's financial instruments consisted of cash, accounts and other receivables and accounts payable and accrued liabilities. The carrying amounts of these financial instruments, reflected in the balance sheet, approximate their fair value due to their short-term nature.

Credit Risk

Credit risk is the risk of a loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is limited to its cash. The Company limits its exposure to credit risk by holding its cash in deposits with high credit quality Canadian financial institutions.

Interest Rate Risk

All of the cash balance is held in a Canadian bank account. Any change to market rates results in interest rate risk. The exposure to interest rate risk, however, is limited due to the nature of the account.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2010, the Company had a cash balance of $73,956 to settle accounts payable and accrued liabilities of $45,186.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company had 2,599,750 issued and outstanding common shares. In addition the Company had 259,975 outstanding incentive stock options and options issued to agents exercisable for 159,975 common shares at $0.20 per common share, exercisable until February 2, 2013 (24 months from the date of listing of the common shares on the Exchange).

RISKS AND UNCERTAINTIES

The proposed business of the Company involves a high degree of risk and there is no assurance that the Company will identify an appropriate business for acquisition or investment, and even if so identified and warranted, it 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 financing on terms which are satisfactory to it. Furthermore, there is no assurance that the business acquired will be profitable.

The Company has only recently been incorporated, has not yet commenced commercial operations and has no assets other than cash and cash equivalents. It has no history of earnings, and shall not generate earnings or pay dividends until at least after the completion of the Qualifying Transaction.

The Company currently does not have any full time employees and does not maintain liability insurance. If its operations change, the Company may add appropriate coverage to cover some of the risks associated with its new business activities.

The Qualifying Transaction may be financed in all or part by the issuance of additional securities by the Company and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of the Company.

SUBSEQUENT EVENTS

On January 28, 2011 the Company completed the IPO by issuing 1,599,750 common shares at a price of $0.20 per common share by way of a prospectus pursuant to the policies of the Exchange governing Capital Pool Companies. The common shares will be listed and posted for trading on the Exchange under the trading symbol "MCL.P" at the opening of the market on February 2, 2011. The proceeds of the IPO will be used to identify and evaluate assets or business for acquisition with a view to completing a "Qualifying Transaction" under the Capital Pool Company program of the Exchange.

In connection with the Offering the Company paid cash commissions of $31,995, a $10,000 corporate finance fee and agent's expenses of $11,900 (inclusive of taxes). The agent will also be granted non-transferable options to purchase 159,975 common shares at a price of $0.20 per common share, exercisable for a period of 24 months from the date of listing of the common shares on the Exchange.

An incentive stock option plan was established for the benefit of directors, officers, employees and consultants of the Company. Pursuant to the option plan options to purchase up to 259,975 common shares of the Company at an exercise price of $0.20 per common share, expiring 10 years from the date of grant were issued on January 28, 2011.