
SURREY CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED FEBRUARY 28, 2011
DATED MARCH 30, 2011

Disclosure Regarding Forward-Looking Statements

This Management's Discussion and Analysis contains forward-looking statements that include risks and uncertainties that are disclosed under the section Risk Factors. Other factors that could affect actual results are uncertainties pertaining to government regulations, both domestic as well as foreign, and the changes within the capital markets. Other risks may be disclosed from time to time in Surrey Capital Corp.'s public disclosures.

Surrey Capital Corp.
Management's Discussion and Analysis
Table of Content

| | | |
|-----------|--|---|
| ITEM 1 - | Overview..... | 1 |
| ITEM 2 - | Selected Annual Information | 1 |
| ITEM 3 - | Results of Operations | 2 |
| ITEM 4 - | Summary of Quarter Results..... | 3 |
| ITEM 5 - | Liquidity..... | 3 |
| ITEM 6 - | Capital Resources..... | 3 |
| ITEM 7 - | Off-Balance Sheet Arrangements..... | 4 |
| ITEM 8 - | Transactions With Related Parties | 4 |
| ITEM 9 - | Proposed Transactions | 4 |
| ITEM 10 - | Risk Factors | 4 |
| ITEM 11 - | Critical Accounting Estimates..... | 6 |
| ITEM 12 - | Changes in Accounting Policies..... | 6 |
| ITEM 13 - | Financial Instruments and Other Instruments..... | 8 |
| ITEM 14 - | Capital Structure..... | 8 |
| ITEM 15 - | Other MD&A Requirements..... | 8 |

Unless otherwise indicated, in this Management's Discussion and Analysis ("MD&A") all references to "dollar" or the use of the symbol "\$" are to the Canadian dollar.

The preparation of the interim financial statements are in conformity with Canadian Generally Accepted Accounting Principles ("Canadian GAAP") and requires management to make assumptions that affect the reported amounts of assets, liabilities and expenses in addition to the disclosure of contingent liabilities at the date of the interim financial statements and reporting amounts. Surrey Capital Corp. bases its estimates on historical experience, current trends and various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ and will most likely differ from those estimates.

ITEM 1 - Overview

Surrey Capital Corp. (the "Corporation") has its common shares listed on the TSX Venture Exchange (the "Exchange") for trading under the symbol SYC.P upon the completion of its initial public offering ("IPO") as disclosed in a prospectus filed with the regulators and dated December 10, 2010. The Corporation issued 4,928,000 common shares at \$0.10 per common shares in conjunction with its IPO.

The Corporation is classified as a Capital Pool Company as described in the policies of the Exchange. As a result, the Corporation's current business is to identify and evaluate business and assets with a view to completing a Qualifying Transaction ("QT"), as described in the policies of the Exchange. Any proposed QT must be accepted by the Exchange and in the case of a non-arm's length QT must also receive majority of the minority approval in accordance with policies of the Exchange. The Corporation has not conducted commercial operations and will not until the completion of its QT.

Until completion of a QT, the Corporation will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential QT. With the consent of the Exchange, this may include the raising of additional funds in order to finance an acquisition. Except as described in the Corporation's Prospectus, the funds raised pursuant to the IPO and any subsequent financing will be utilized only for the identification and evaluation of potential Qualifying Transactions and not for any deposit, loan or direct investment in a potential acquisition.

Although the Corporation has commenced the process of identifying potential acquisitions with a view to completing a QT, the Corporation has not yet entered in to an Agreement in Principle ("AIP"), as that term is defined in the policies of the Exchange, for any particular transaction.

ITEM 2 - Selected Annual Information

The Company was incorporated on September 13, 2010 and has an August 31 fiscal year end. Therefore, it has not as of yet completed its first fiscal year.

ITEM 3 - Results of Operations

For the period ended February 28, 2010, the Corporation had not yet commenced operations other than the identification, evaluation of assets or businesses that would constitute the QT. Therefore, the Corporation had not yet recorded any revenues.

For the three months ended February 28, 2011

For the three months ended February 28, 2011, the Corporation had office and general expenditures of \$7,628. Expenses related to general office expenses, premises and regulatory fees in addition to a charge for the granting of charitable stock options.

For the three months ended February 28, 2011, the Corporation had non-cash expenditures of \$18,777.

For the three months ended February 28, 2011, the Corporation had an operating loss of \$26,405.

The net loss for the three months ended February 28, 2011 was \$26,405 for a loss per share of \$0.01 based on 4,271,865 weighted average shares outstanding for the period.

During the three months ended February 28, 2011, the Corporation issued 4,928,000 common shares via for gross proceeds of \$492,800.

For the six months ended February 28, 2011

For the six months ended February 28, 2011, the Corporation had office and general expenditures of \$13,703. Expenses related to general office expenses, premises and regulatory fees in addition to a charge for the granting of charitable stock options.

For the six months ended February 28, 2011, the Corporation had non-cash expenditures of \$18,777.

For the six months ended February 28, 2011, the Corporation had an operating loss of \$32,480.

The net loss for the six months ended February 28, 2011 was \$32,480 for a loss per share of \$0.01 based on 3,411,811 weighted average shares outstanding for the period.

During the six months ended February 28, 2011, the Corporation issued 4,928,000 common shares via for gross proceeds of \$492,800 as well as 2,500,000 common shares for gross proceeds of \$125,000.

The Corporation's cash balance at the end of the period was \$509,869, and had working capital of \$492,179.

ITEM 4 - Summary of Quarter Results

The following table sets forth, for each quarter ended on the date indicated since incorporation, information relating to the Company's revenue, net loss and loss per common share as prepared under Canadian GAAP.

| | Revenues | Net loss | Loss/share: basic and diluted |
|-------------------|----------|-----------|-------------------------------------|
| February 28, 2011 | \$ --- | \$ 26,405 | \$ 0.01 |
| November 30, 2010 | \$ --- | \$ 6,075 | \$ 0.00 |

ITEM 5 - Liquidity

As at November 30, 2010, the Corporation had a cash balance of \$509,869 of which \$449,960 was reserved for the identification, analysis and completion of a potential qualifying transaction. The remainder, \$59,909 is available for meeting the administrative obligations of being a reporting issuer.

In addition to its cash on hand at the end of the quarter, the Corporation has the following options and warrants issued and outstanding:

| Quantity | Type | Exercise Price | Expiry Dates |
|----------|--------------------------|----------------|--------------|
| 742,800 | Incentive Stock Options | \$ 0.10 | January 2021 |
| 74,280 | Charitable Stock Options | 0.10 | January 2016 |
| 492,800 | Broker Warrants | 0.10 | January 2013 |

ITEM 6 - Capital Resources

Upon the identification of a potential acquisition with a view to completing a Qualifying Transaction, the Corporation may, in order to finance the Corporation's future development and expansion, seek to raise additional funds until such time as cash flow from its potential acquisition is sufficient to fund internal growth. The timing and ability of the Corporation to fulfill this objective will depend on the liquidity of the financial markets as well as the willingness of investors to finance such a business. Such future financing may be completed by the issuance of the Corporation's securities.

To date the following financings have been completed by the Corporation:

| Date | Gross Proceeds | Number of Common Shares | Type of Transaction |
|----------------|----------------|-------------------------|-------------------------|
| September 2010 | \$ 125,000 | 2,500,000 | Private Placement |
| January 2011 | 492,800 | 4,928,000 | Initial Public Offering |

ITEM 7 - Off-Balance Sheet Arrangements

As of the date of this MD&A, the Corporation does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Corporation including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

ITEM 8 - Transactions With Related Parties

Amounts due from and to the related parties, are a result of transactions with entities controlled by shareholders, officers or directors of the Corporation. These amounts are non-interest bearing, unsecured and not subject to specific terms of repayment unless stated.

| | February 28, 2011 | October 12, 2010 |
|---|-------------------|------------------|
| Receivable from director or officer | \$ --- | \$ --- |
| Receivable from related entity | --- | --- |
| | <hr/> | <hr/> |
| | \$ --- | \$ --- |
| | <hr/> | <hr/> |
| Payable to directors or officers | --- | --- |
| Payable to related entities with common directors | --- | --- |
| | <hr/> | <hr/> |
| | \$ --- | \$ --- |
| | <hr/> | <hr/> |

During the period ended February 28, 2011, the Corporation recorded \$9,800 in respect of the reimbursing of expenditures incurred on behalf of the Corporation with regards to office and premises.

These transactions are in the normal course of operations and have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

ITEM 9 - Proposed Transactions

Although the Corporation has commenced the process of identifying potential acquisitions with a view to completing a QT, the Corporation has not yet entered in to an AiP for any particular transaction.

ITEM 10 - Risk Factors

The Corporation has not yet commenced operations other than the process of identifying potential acquisitions with a view to complete a QT which process involves a high degree of risk, particularly when it is conducted in another country or in a sector of which the Corporation has little knowledge. The following is a brief description of some of the risks that investors should be aware of. This discussion should not be considered complete and, therefore, the Corporation, its directors and officers would like to recommend that shareholders, lenders, investors and readers of this MD&A, and other documents that the Corporation may disseminate, review their investments directly with their financial advisors.

- (a) the Corporation has only recently been incorporated, has not yet commenced commercial operations and has no assets other than cash. It has no history of earnings, and shall not generate earnings or pay dividends until at least after the completion of a QT;
- (b) investment in the common shares of the Corporation is highly speculative given the unknown nature of the Corporation's business and its present stage of development;
- (c) directors and officers of the Corporation will only devote a portion of their time to the business and affairs of the Corporation and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time;
- (d) there can be no assurance that an active and liquid market for the Corporation's common shares will develop and an investor may find it difficult to resell its common shares;
- (e) until completion of a QT, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential QT;
- (f) the Corporation has only limited funds with which to identify and evaluate potential QT and there can be no assurance that the Corporation will be able to identify a suitable QT;
- (g) even if a proposed QT is identified, there can be no assurance that the Corporation will be able to successfully complete the transaction;
- (h) completion of a QT is subject to a number of conditions including acceptance by the Exchange and, in the case of a non-arm's length QT, majority of the minority approval;
- (i) unless the shareholder has the right to dissent and be paid fair value in accordance with applicable corporate or other law, a shareholder who votes against a proposed non-arm's length QT for which majority of the minority approval by shareholders has been given, will have no rights of dissent and no entitlement to payment by the Corporation of the fair value for the shareholder's common shares;
- (j) upon public announcement of a proposed QT, trading in the common shares of the Corporation will be halted and will remain halted for an indefinite period of time, typically until a Sponsor (as defined in the policies of the Exchange) has been retained and certain preliminary reviews have been conducted. The common shares of the Corporation will be reinstated to trading before the Exchange has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Corporation completing the proposed QT;
- (k) trading in the common shares of the Corporation may be halted at other times for other reasons, including for failure by the Corporation to submit documents to the Exchange in the time periods required;
- (l) the Exchange will generally suspend trading in the Corporation's common shares or

delist the Corporation in the event that the Exchange has not issued a Final Exchange Bulletin (as defined in the policies of the Exchange) within 24 months from the date of listing;

- (m) neither the Exchange nor any securities regulatory authority passes upon the merits of the proposed Qualifying Transaction;
- (n) in the event that management of the Corporation resides outside of Canada or the Corporation identifies a foreign business or assets as a proposed QT, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts predicated upon the civil liability provisions applicable to securities laws in Canada;
- (o) the QT may be financed in all or part by the issuance of additional securities by the Corporation and this may result in further dilution of share value which dilution may be significant and which may also result in a change of control of the Corporation; and
- (p) subject to prior Exchange acceptance, the Corporation may be permitted to loan and / or advance up to an aggregate of \$250,000 of its proceeds to a targeted business without requiring shareholder approval and there can be no assurance that the Corporation will be able to recover that loan.

ITEM 11 - Critical Accounting Estimates

The Corporation's financial statements are impacted by the accounting policies used, and the estimates and assumptions made, by management during their preparation. The Corporation's accounting policies are described within the financial statements. The accounting estimates considered to be significant to the Corporation include the computations of agents' warrants value, charitable stock option and stock-based compensation expense and recovery of future income tax assets.

ITEM 12 - Changes in Accounting Policies

The Corporation would like to direct readers to its audited financial statements for the period ending October 12, 2010 and unaudited financial statements for the period ending February 28, 2011, which are incorporated by reference and can be found on the regulator's web site at www.sedar.com.

Convergence with International Financial Reporting Standards

Currently, financial statements in Canada are required to be reported in accordance with Canadian General Accepted Accounting Principles ("CGAAP"). In February 2008, the CICA confirmed that Canadian reporting issuers will be required to report under International Financial Reporting Standards ("IFRS") effective January 1, 2011. Reporting issuers will be required to provide IFRS comparative information for the previous year. Therefore, the first statements under IFRS that the Corporation shall submit to shareholders shall be for the period ending November 30, 2011.

IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences on recognition, measurement and disclosures. The Corporation expects the transition to IFRS to impact financial reporting, business processes and information systems.

The Corporation has commenced the scoping and planning phase of its changeover plan. The Corporation has designated the appropriate resources to the project to develop an effective plan and will continue to assess resource and training requirements as the project progresses. The Corporation has identified the following four phases of its conversion plan: scoping and planning, detailed assessment, operations implementation and post implementation. The scoping and planning phase ("**Phase 1**") involves establishing a project management team, mobilizing organizational support for the conversion plan, obtaining stakeholder support for the project, identifying major areas affected and developing a project charter, implementation plan and communication strategy. The Corporation has substantially completed the scoping and planning phase. The detailed assessment phase ("**Phase 2**") will result in accounting policies and transitional exemptions decisions, quantification of financial statement impact, preparation of shell financial statements and identification of business processes and resources impacted. The operations implementation phase ("**Phase 3**") includes the design of business, reporting and system processes to support the compilation of IFRS compliant financial data for the opening balance sheet at November 1, 2010, fiscal 2010 and thereafter. Phase 3 also includes ongoing training, testing of the internal control environment and updated processes for disclosure controls and procedures. Post implementation ("**Phase 4**") will include sustainable IFRS compliant financial data and processes for fiscal 2011 and beyond. The Corporation will continue to monitor changes in IFRS throughout the duration of the implementation process and assess their impacts on the Corporation and its reporting. Throughout the process, we will evaluate the impacts of the IFRS transition on other business activities as well as that of any potential target that would constitute our qualifying transaction.

The Corporation has identified the areas noted below as those expected to have the most significant impact on its financial statements. The items listed below do not represent a complete list of areas that may be impacted. As the Corporation progresses further into its implementation phase and decisions are made regarding the choices of accounting policies, and as certain IFRS standards may change prior to the changeover date, the areas impacted and the effect may be subject to change. The Corporation will disclose impacts on its financial reporting, including expected quantitative impacts, systems and processes and other areas of the Corporation's business in its future MD&As or press releases as such changes are determined.

1. IFRS: First time adoption
2. IFRS 2: Share-based payments
3. IFRS 3: Business combinations
4. IAS 12: Income Taxes
5. IAS 16: Property, plant and equipment
6. IAS 39: Financial instruments: recognition and measurement

As of the date of this document, the Corporation continues to review and examine the above areas as well as other areas for their impacts to the Corporation's financial statements.

ITEM 13 - Financial Instruments and Other Instruments

The Corporation is not a party to any financial instruments and other instruments as defined in item 1.14 of National Instrument 51-102F1 – Management's Discussion and Analysis.

ITEM 14 - Capital Structure

The Corporation is authorized to issue an unlimited number of common shares, where each common share provides the holder with one vote. As of the date of this MD&A, there were 7,428,000 common shares issued and outstanding as well as the following securities:

| Quantity | Type | Exercise Price | Expiry Dates |
|----------|--------------------|----------------|--------------|
| 742,800 | Incentive Options | \$ 0.10 | January 2021 |
| 74,280 | Charitable Options | 0.10 | January 2016 |
| 492,800 | Broker Warrants | 0.10 | January 2013 |

ITEM 15 - Other MD&A Requirements

As defined in National Instrument 52-109, disclosure controls and procedures require that controls and other procedures be designed to provide reasonable assurance that material information required to be disclosed is duly gathered and reported to senior management in order to permit timely decisions and timely and accurate public disclosure.

The Corporation has evaluated the effectiveness of its disclosure controls and procedures, as defined, and has concluded that they were effective as of the end of the period covered by this MD&A as well as of the date of this MD&A.

The Corporation has evaluated its internal controls and financial reporting procedures and have found them to be effective with the objective of reporting the Corporation's financial transactions.

The Corporation is not required to file an Annual Information Form under current securities legislation and thus has not filed one; however, a prospectus in connection with the Corporation's IPO dated December 10, 2010 has been filed electronically on SEDAR at www.sedar.com.