

# **AILERON VENTURES LIMITED**

**Management Discussion & Analysis**

**March 31, 2011**

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The management of Aileron Ventures Limited (“Aileron” or “the Company”) is pleased to present the Company’s management discussion and analysis (the “MD&A”) for the three month period ended March 31, 2011.

As of January 1, 2011, the Company adopted International Financial Reporting Standards (“IFRS”). The unaudited consolidated interim financial statements for the three months ended March 31, 2011 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”), and using accounting policies consistent with IFRS. Readers of this MD&A should refer to “Significant Accounting Policies” below for a discussion of IFRS and its affect on the Company’s financial presentation.

The reporting and measurement currency in the financial statements and in this discussion and analysis is the Canadian dollar.

*The following discussion and analysis should be read in conjunction with the audited financial statements of the Company for the period ended December 31, 2010, together with all of the notes and information contained in the circular found on SEDAR.*

### **Forward Looking Statements**

This MD&A contains forward-looking statements relating to future events. In some cases, forward-looking statements can be identified by words such as “anticipate”, “continue”, “estimate”, “expect”, “forecast”, “may”, “will”, “project”, “should”, “believe”, or similar expressions. These statements represent management’s best projections but undue reliance should not be placed upon them as they are derived from numerous assumptions. These assumptions are subject to known and unknown risks and uncertainties, including the “Risks and Uncertainties” as discussed herein. Actual performance and financial results will differ from any projections of future performance or results expressed or implied by such forward-looking statements and the difference may be material.

Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted. From time to time, the Company’s management may make estimates and have opinions that form the basis for the forward-looking statements. The Company assumes no obligation to update such statements if circumstances, management’s estimates, or opinions change.

### **Overall Performance**

Aileron was incorporated in Alberta on May 31, 2010. The Company has not carried on any active business to-date other than (i) to make an investment in Altius Edge Ltd. (“Altius”) to acquire 50% of the outstanding common shares thereof (a company related to Aileron owns the remaining 50%), (ii) to undertake matters in connection with an amalgamation transaction involving Altius and Immunall Science Inc., and (iii) to engage in activities to identify and evaluate businesses and assets with a view to completing an acquisition of a business or assets. Aileron has not yet selected a business sector or industry in which to focus its pursuit of a business transaction.

### **Risks and Uncertainties**

As of March 31, 2011, the Company had no business or material assets other than cash and its investment in Immunall. The Company does not have a history of earnings, nor has it paid any dividends since it was incorporated, Aileron’s assets are limited to its working capital and a 4.5% investment in Immunall. There is no assurance that the Company will be able to obtain additional funding.

# AILERON VENTURES LIMITED

## Management Discussion & Analysis

March 31, 2011

### Non-Generally Accepted “IFRS” Accounting Measures

The Company refers to “Funds used in operations” within this analysis. This is computed by calculating the cash flow from operations before changes to non-cash working capital from operations.

### Selected Financial Information

	March 31, 2011	December 31, 2010
<b>Liquidity</b>		
Cash	\$ 998	\$ 12,500
Non-cash working capital	16,061	12,500
Total working capital	17,059	25,000
Debt	-	3,750
Net liquidity	\$ 17,059	\$ 21,250
Total assets		
Number of shares outstanding at end of period		

	Period Ended	
	March 31, 2011	December 31, 2010
Total revenue	\$ -	\$ 315
Funds used in operations	\$ 7,276	\$ 3,750
Net Loss	\$ (7,276)	\$ (3,435.000)
Net Loss per share	\$ (0.001)	\$ (0.024)
Basic and diluted weighted average number of shares during period	8,710,595	146,047

### Selected Quarterly Financial Information

	Q1'11	Q4'10	Q3'10	May 1 to June 30'10
Total revenue	\$ -	\$ -	\$ -	\$ -
Net Loss	(7,276)	(3,750)	-	-
Loss per diluted share	(0.001)	(0.026)	-	-
Ending assets	\$ 13,974	\$ 25,000	\$ 25,000	\$ 25,000
Weighted average shares	8,710,595	146,047	25,000	25,000
Ending shares	9,664,155	8,700,000	25,000	25,000

### Results of Operations

As at March 31, 2011, Aileron had no active operations other than undertaking matters in connection with an amalgamation transaction involving Altius and Immunall Science Inc., as well as engaging in activities to identify and evaluate businesses and assets with a view to completing an acquisition of a business or assets. For the period ended March 31, 2011, the Company had a net loss of \$7,276. The net loss is related to professional fees.

# **AILERON VENTURES LIMITED**

## **Management Discussion & Analysis**

**March 31, 2011**

### **Outstanding Share Data**

As at March 31, 2011, the Company had 9,664,000 common shares issued and outstanding. Until December 29, 2010 the Company had 25,000 common shares issued and outstanding. On December 29, 2010 the Company split its common shares on a 348:1 basis giving rise to an increase in the issued and outstanding common shares to 8,700,000. As at March 31, 2011, as a result of the amalgamation transaction involving Altius and Immunall Science Inc. 964,155 additional common shares were issued to shareholders of Immunall.

### **Amalgamation Transaction**

On December 10, 2010 the Company, Immunall Science Inc. ("**Immunall**"), Nautor Progressive Corporation ("**Nautor**") and Altius Edge Ltd. ("**Altius**") entered into an amalgamation agreement dated December 10, 2010 ("**Amalgamation Agreement**") which provided for the implementation of an amalgamation between Altius and Immunall (the "**Amalgamation**") pursuant to section 181 of the *Business Corporations Act* (Alberta).

Pursuant to the Amalgamation, Immunall and Altius amalgamated and continue as one corporation under the name of "Immunall Science Inc.". Each Immunall shareholder (other than dissenting Immunall shareholders) received in exchange, in respect of each Immunall common share held by such shareholder, (i) one common share of the amalgamated entity ("**New Immunall**"), (ii) 0.025 of a common share of Aileron, and (iii) 0.025 of a common share of Aileron. Each Altius shareholder (other than dissenting Altius shareholders) received in exchange, in respect of each Altius common share held by such shareholder, one common share of New Immunall.

The common shares of New Immunall were listed on the Canadian National Stock Exchange (CNSX). The amalgamation was approved by shareholders and completed on March 31, 2011.

### **Liquidity and Capital Resources**

As at March 31, 2011, Aileron had \$1,474, comprised of cash and accounts receivable. The investment represents shares held in Immunall which would although publicly traded have limited liquidity at this time due to low market activity. Management has assessed that at this time it has reasonable assurance of sufficient access to capital to fund its near-term objective of identifying and completing a business transaction, and associated financing, in order to establish the business of the Company.

### **Related Party Transactions**

The Company paid outstanding payables to a related company which was the only related party transactions incurred during the three months ended March 31, 2011.

### **Financial Instruments**

The Company's financial instruments consist of cash and cash equivalents, accounts receivable and investments. It is management's opinion that the Company is not exposed to significant currency or credit risks arising from these financial instruments and that the fair value of these financial instruments approximates their carrying values. For further discussion of financial instrument risks, see Financial Risk Management.

# AILERON VENTURES LIMITED

## Management Discussion & Analysis

March 31, 2011

### Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by the Company.

(a) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, amounts on deposit with banks, guaranteed investment certificates held with banks and other short term highly liquid investments with maturities of 90 days or less at the date of issue

(b) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) *Financial assets*

Financial assets include accounts receivable and cash and cash equivalents. Purchases and sales of financial assets are recognized on the settlement date, which is the date on which the asset is delivered to or by the Company. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or were transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets are classified in the following categories at the time of initial recognition based on the purpose for which the financial assets were acquired:

*Financial assets at fair value through profit or loss*

#### Classification

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy. The Company has designated cash as held for trading. Derivatives are also categorized as held for trading unless they are designated as hedges.

#### Recognition and measurement

Financial assets carried at fair value through profit or loss are initially recognized, and subsequently carried, at fair value, with changes recognized in the income statement. Transaction costs are expensed when incurred.

*Loans and receivables*

#### Classification

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date, which are classified as noncurrent assets. The Company does not have any assets that are classified as loans and receivables.

#### Recognition and measurement

# **AILERON VENTURES LIMITED**

## **Management Discussion & Analysis**

**March 31, 2011**

Loans and receivables are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses. Interest income is recognized by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

### *Available for sale financial assets*

Available for sale financial assets are non derivatives that are either designated in this category or not classified in any of the other categories. They consist of investments in equity securities and certain other debt securities. They are included in other noncurrent financial assets unless management intends to dispose of the investment within 12 months of the balance sheet date. The Company has not designated any financial assets as available for sale.

### *Reclassification of financial assets*

Reclassification is only permitted in rare circumstances and where the asset is no longer held for the purpose of selling in the short term. In all cases, reclassifications of financial assets are limited to debt instruments. Reclassifications are accounted for at the fair value of the financial asset at the date of reclassification.

### (ii) *Financial liabilities*

Financial liabilities primarily consist of accounts payables and accrued liabilities and due to affiliate. Financial liabilities are initially measured at fair value and subsequently measured at amortized cost for liabilities that are not hedged and fair value for liabilities that are hedged. Non performance risk, including the Company's own credit risk for financial liabilities, is considered when determining the fair value of financial assets or liabilities, including derivative liabilities.

### (iii) *Derivative financial instruments*

The Company may enter into, from time to time, certain financial derivative contracts in order to manage the exposure to market risks from fluctuations in commodity prices. These instruments are not used for trading or speculative purposes. The Company has not designated its financial derivative contracts as effective accounting hedges, and thus not applied hedge accounting, even though the Company considers all commodity contracts to be economic hedges. As a result, all financial derivative contracts are classified as fair value through profit or loss and are recorded on the balance sheet at fair value with changes in fair value recorded in the income statement. Transaction costs are recognized in the income statement as incurred. Proceeds and costs realized from holding these financial instruments are recognized in profit or loss at the time each transaction under a contract is settled.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss. Changes in the fair value of separable embedded derivatives are recognized immediately in the income statement. The Company has not identified any embedded derivatives in any of its financial instruments.

### (iv) *Impairment*

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset, other than those at fair value through profit or loss, or a group of financial assets is impaired. When an impairment has occurred, the cumulative loss is recognized in profit or loss.

# **AILERON VENTURES LIMITED**

## **Management Discussion & Analysis**

**March 31, 2011**

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. For receivables that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an accounts receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

When an available for sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

With the exception of available for sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available for sale equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

### **(c) Investment and investment in affiliate**

The Company had significant influence over the operations of the affiliate and therefore accounts for the investment using the equity method.

The investment has been shown at cost as there is currently limited market liquidity on the Immunall shares so a fair value assessment is not considered reasonable at this time.

### **(d) Income taxes**

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, and the carry forward of non capital losses, can be utilized.

# AILERON VENTURES LIMITED

## Management Discussion & Analysis

March 31, 2011

Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future profit will allow the deferred tax asset to be recovered and/or the carrying value of temporary differences exceed their tax basis.

### (e) Provisions and contingent liabilities

Provisions and contingent liabilities are recognized when there is a present legal or constructive obligation arising as a result of a past event for which it is probable that an outflow of economic benefits will be required to settle the obligation and where a reliable estimate can be made of the amount of the obligation. Provisions and contingent liabilities are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations whose existence will only be confirmed by the occurrence or non occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### (f) New accounting standards, interpretations and amendments to existing standards

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning January 1, 2011 or later periods. Many of these updates are not applicable or are not consequential to the Company and have been excluded from the discussion below. The IASB's improvements to IFRS contain several amendments that result in accounting changes for presentation, recognition or measurement purposes. The effective date for all of the amendments is January 1, 2011 although early application is permitted. Transitional requirements are set out on a standard-by-standard basis. The most significant features of the IASB's annual improvements project and new standards to be issued are discussed below.

#### Revisions to IFRS 3, Business Combinations

Clarification on the following areas:

- Contingent consideration arrangements arising from business combinations with acquisition dates preceding the application of the new IFRS 3 (as revised in 2008) should continue to be accounted for in accordance with the previous IFRS 3 (as issued in 2004).
- The choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation. All other components of non-controlling interest



# **AILERON VENTURES LIMITED**

## **Management Discussion & Analysis**

**March 31, 2011**

are measured at fair value unless another measurement basis is required by IFRS.

- Application guidance relating to the accounting for share-based payments in IFRS 3 applies to all share-based payment transactions that are part of a business combination, including un-replaced awards (i.e. unexpired awards over acquiree shares that remain outstanding rather than being replaced by the acquirer) and voluntarily replaced share-based payment awards.

### **Amendment to IAS 32, Financial Instruments Presentation - Classification of Rights Issues**

The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments.

### **Improvements to IFRS 7 Financial Instruments, Disclosures**

The amendments add an explicit statement that qualitative disclosure should be made in connection with the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments. In addition, the IASB amended and removed existing disclosure requirements.

### **Improvements to IAS 1, Presentation of Financial Statements.**

The amendments clarify that disaggregation of changes in each component of equity arising from transactions recognized in other comprehensive income also is required to be presented, but may be presented either in the statement of changes in equity or in the notes.

### **IFRS 9 Financial Instruments**

IFRS 9 (2009) retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. IFRS 9 (2009) also replaces the models for measuring equity investments; such investments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends, to the extent not clearly representing a return of investment, are recognized in profit or loss; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Prior periods do not need to be restated if an entity adopts the standard for reporting periods beginning before January 1, 2012. Otherwise, this standard is required to be applied for accounting periods on or after January 1, 2013.

IFRS 9 (2010) adds the requirements related to the classification and measurement of financial liabilities, and derecognition of financial assets and liabilities. It also discusses how to measure fair value and accounting for derivatives embedded in a contract that contains a host that is not a financial asset, as well as the requirements of IFRIC 9 Reassessment of Embedded Derivatives.

### **Off-Balance Sheet Items**

As at March 31, 2011, the Company has no off-balance sheet items.

# **AILERON VENTURES LIMITED**

## **Management Discussion & Analysis**

**March 31, 2011**

### **Financial Instruments and Risk Management**

The Company has the following financial instruments:

Cash and cash equivalents is designated as held-for-trading and is measured at fair value. Accounts payable and accrued liabilities and due to affiliate are classified as other financial liabilities and are measured at amortized cost.

Investments are recorded at cost as there is currently insufficient market activity to use the fair value method at this time.

The Company is exposed to financial risk arising from its financial assets. The Company manages its exposure to financial risks in a manner that minimizes its exposure to the extent practical. The main financial risks affecting the Company are as follows:

(a) Credit risk

The financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company mitigates its exposure to credit loss by placing its cash with major financial institutions.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking harm to the Company's reputation.

(c) Fair values

The fair value of cash and cash equivalents, accounts payable and accrued liabilities approximate their carrying value because of the short-term nature. The fair value of transactions are classified according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs are other than quoted prices in Level 1 that are either directly or indirectly observable for the asset or liability.
- Level 3 - Inputs for the asset or liability that are not based on observable market data.

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level. The Company's cash is transacted in active markets and has been classified using Level 1 inputs.

### **Internal Controls over Financial Reporting**

The Company is a "reporting issuer" under securities laws in Canada and, accordingly, is obligated to certify this MD&A in accordance with the requirements of National Instrument 52-109. Therefore, management of the Company has:

- (i) reviewed this MD&A and the audited financial statements of the Company for the period ended March 31, 2011 (the "**Financial Statements**"); and

# **AILERON VENTURES LIMITED**

## **Management Discussion & Analysis**

**March 31, 2011**

- (ii) determined that the MD&A and the Financial Statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

### **First Quarter 2011 Overview**

In the first quarter of 2011, the Company entered into the Amalgamation Agreement and completed the Amalgamation transaction, closing of which was approved by shareholders and completed on March 31, 2011. The Company also completed the efforts required to complete the quarterly financial reports and maintain the accounting systems and records.

### **Outlook**

The Company completed the Amalgamation transaction on March 31, 2011 and the Company, upon completion the transaction, became a "reporting issuer". The Company will continue to engage in activities to identify and evaluate business and assets with a view to completing an acquisition of a business or assets.

### **Dated**

This management discussion and analysis is dated June 28, 2011.