

**MC PARTNERS INC.**

**MANAGEMENT DISCUSSION AND ANALYSIS**

**FOR THE SIX MONTHS ENDED MAY 31, 2012**

## Management's Discussion and Analysis

The following management discussion and analysis (MD&A) of the financial information of MC Partners Inc. (the "Company") and results of operations should be read in conjunction with the unaudited condensed interim financial statements and accompanying notes for the six months ended May 31, 2012 and the audited financial statements and accompanying notes for the period from January 28, 2011 (date of incorporation) to November 30, 2011. The audited financial statements and the unaudited condensed interim financial statements, together with the following MD&A are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to future performance. The unaudited interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and include the operating results of the Company.

The Company's critical accounting estimates, significant accounting policies and risk factors have remained substantially unchanged and are still applicable to the Company unless otherwise indicated. All amounts are expressed in Canadian Dollars unless noted otherwise.

## Forward-Looking Statements

Certain statements contained in this MD&A may constitute forward-looking statements. These forward-looking statements can generally be identified as such because of the context of the statements, including such words as "believes", "anticipates", "expects", "plans", "may", "estimates", or words of a similar nature. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from anticipated future results and/or achievements expressed or implied by such forward-looking statements, which speak only as of the date the statements were made. Readers are therefore advised to consider the risks associated with any such forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth herein.

## Overview

The Company was incorporated on January 28, 2011 pursuant to the *Business Corporations Act*, British Columbia, and is a capital pool company as defined by Policy 2.4 (the "CPC Policy") of the TSX Venture Exchange (the "Exchange"). The Company's registered office is Suite 300 – 576 Seymour Street, Vancouver, BC, Canada. The principal business of the Company is to identify and evaluate business opportunities with the objective of completing the acquisition of an interest in properties, assets or a business ("Qualifying Transaction") under Exchange rules. Under these rules, a Qualifying Transaction must be entered into within 24 months of listing.

Additional information relating to the Company can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com).

## Date of Report

July 30, 2012

## Overall Performance

On May 3, 2012, the Company completed its initial public offering of 5,000,000 common shares at a price of \$0.10 per share for gross proceeds of \$500,000. Share issuance costs totaled \$111,545, for net proceeds of \$388,455.

In connection with the initial public offering, the Company granted agent's options to purchase 500,000 common shares at a price of \$0.10 per share, expiring May 3, 2014.

On March 15, 2012, the Company adopted a stock option plan, which provides that the Board may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants of the Company (the "Service Providers"), non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares exercisable for five years from the date of grant.

On May 3, 2012, the Company granted 700,000 stock options to its officers and directors. The options are exercisable at a price of \$0.10 per share, expiring on May 3, 2017.

The Company has not generated any revenues and has incurred losses of \$35,532 since inception. The ability of the Company to continue as a going concern depends upon the acquisition of a successful project and also on the ability of the Company to obtain necessary financing to fund ongoing operations. The Company's ability to achieve these objectives cannot be determined at this time.

The statement of financial position as of May 31, 2012 indicates a cash position of \$453,854 (November 30, 2011 - \$61,253). The increase resulted from the completion of the Company's initial public offering for net proceeds of \$388,455.

Other current assets comprise prepaids of \$1,000 (November 30, 2011 - \$34,377) related to the Company's initial public offering.

Current liabilities at May 31, 2012 total \$1,931 (November 30, 2011 - \$10,077) consisting of accounting and general office expenses.

Shareholders' equity is comprised of share capital of \$488,455 (November 30, 2011 - \$100,000) and a deficit of \$35,532 (November 30, 2011 - \$14,447).

As at May 31, 2012, the Company had working capital of \$452,923 (November 30, 2011 - \$85,553).

The weighted average number of common shares outstanding for the six months ended May 31, 2012 is 2,815,217 (November 20, 2011 – Nil). In May, 2012, the Company issued 7,000,000 common shares upon completion of its initial public offering.

## Results of Operations

During the six months ended May 31, 2012, the Company reported a net loss of \$21,085 (\$0.01 basic and diluted loss per share) compared to a net loss of \$157 (\$0.00 basic and diluted loss per share) reported for the same period in fiscal 2011. The net loss comprised listing and transfer agent fees, travel and entertainment, accounting fees and general office expenses.

## Selected Financial Information - Summary of Quarterly Results

The following table presents unaudited selected quarterly financial information of the Company for the five most recently completed quarters of operation since incorporation. This information is derived from unaudited condensed interim financial statements prepared by management. The Company's condensed interim financial statements are prepared in accordance with IFRS and expressed in Canadian Dollars unless otherwise stated.

	2012		2011				2010	
	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2	Qtr 1*	Qtr 4	Qtr 2
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	-	-	-	-	-	-	NA	NA
Net Loss	(20,304)	(781)	(12,869)	(1,421)	(52)	(105)	NA	NA
Basic and diluted Loss per share	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	NA	NA

\* January 28, 2011 (date of incorporation) to February 28, 2011.

The Company's significant accounting policies are set out in Note 3 of the audited annual financial statements for the period from January 28, 2011 (date of incorporation) to November 30, 2011 and Note 2 to the unaudited condensed interim financial statements for the six months ended May 31, 2012.

## Quarter Two Results

### Variance Analysis

	2012	2011
Operating expenses		
Office and general administrative expenses	\$ 1,167	\$ -
Transfer agent, filing and listing fees	12,690	-
Accounting fees	6,112	-
Travel and entertainment	<u>335</u>	<u>52</u>
Net loss for the period	\$ (20,304)	\$ (52)

Year over year expenses have increased primarily due to the completion of the initial public offering.

### Liquidity & Capital Resources

The Company has financed its operations to date through the issuance of common shares.

	May 31, 2012	November 30, 2011
Working capital	\$ 452,923	\$ 85,553
Deficit	\$ 35,532	\$ 14,447

During the six months ended May 31 2012, net cash used in operating activities was \$4,146 (May 31, 2011 – \$Nil) comprising a loss of \$21,085 (May 31, 2011 - \$157), a decrease in prepaids of \$33,377 (May 31, 2011 – increase of \$105) and a decrease in accounts payable of \$8,146 (May 31, 2011 – increase of \$262).

Net cash from financing activities for the six months ended May 31, 2012 is \$388,455 (May 31, 2011 - \$Nil). The Company completed its initial public offering in May, 2012 for net proceeds of \$388,455.

The unaudited condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company will continue to require funds for future acquisitions as well as to meet its ongoing day-to-day operating requirements and will have to continue to rely on equity and debt financing. There can be no assurance that financing, whether debt or equity will always be available to the Company in the amount required at any particular period or if available, that it can be obtained on terms satisfactory to the Company.

### Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements that would potentially affect current or future operations or the financial condition of the Company.

### Related Party Transactions

(a) Ultimate controlling party

As at May 31, 2012, there was no ultimate controlling party of the Company.

(b) Key management personnel compensation and director transactions

During the six months ended May 31, 2012, the Company did not pay any key management personnel compensation.

Directors hold, directly or indirectly, 2,100,000 common shares of the Company.

## Proposed Transactions

The Company does not currently have any proposed transactions approved by the Board of Directors. All current transactions are fully disclosed in the unaudited condensed interim financial statements for the six months ended May 31, 2012.

## Financial Instruments & Other Instruments

The Company classifies its cash and cash equivalents as financial assets at fair value through profit or loss and accounts payable and accrued liabilities and due to related parties as other financial liabilities. The fair values of accounts payable and accrued liabilities and due to related parties approximate their carrying values due to the short-term nature of these instruments.

The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements as defined in IFRS 7 – *Financial Instruments – Disclosures*:

Level 1 – Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets. The Company's cash and cash equivalents are measured as level 1 inputs.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs which are supported by little or no market activity.

## Risks and Uncertainties

### Overview

**Market risks.** The Company's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change, both in short term time horizons and longer term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on the Company and its securities.

**Share Price Volatility and Price Fluctuations.** In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies, particularly junior mineral exploration companies like the Company, have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that these price fluctuations and volatility will not continue to occur.

**Key personnel risks.** The Company's acquisition efforts are dependent to a large degree on the skills and experience of certain of its key personnel, including the board of directors. The Company does not maintain "key man" insurance policies on these individuals. Should the availability of these persons' skills and experience be in any way reduced or curtailed, this could have a material adverse outcome on the Company and its securities.

**History of Net Losses; Accumulated Deficit; Lack of Revenue from Operations.** The Company has incurred net losses to date. Its deficit as of May 31, 2012 is \$35,532. The Company has not yet had any revenue. There is no certainty that the Company will produce revenue, operate profitably or provide a return on investment in the future.

## Other MD&A Requirements

### Information available on SEDAR

As specified by National Instrument 51-102, the Company advises readers of this MD&A that important additional information about the Company is available on the SEDAR website – [www.sedar.com](http://www.sedar.com).

**Disclosure by venture issuer**

An analysis of the material components of the Company's general and administrative expenses is disclosed in the financial statements to which this MD&A relates.

**Outstanding share data**

Common shares issued and outstanding as at May 31, 2012 are described in detail in Note 4 to the audited financial statements for the period from January 28, 2011 (date of incorporation) to November 30, 2011 and Note 4 to the unaudited condensed interim financial statements for the six months ended May 31, 2012.

As at the date of this document, July 30, 2012, the Company had the following number of securities outstanding:

	<b>Number of shares</b>	<b>\$</b>	<b>Number of options</b>	<b>Exercise price</b>	<b>Expiry date</b>
<b>Issued and outstanding</b>	7,000,000	488,455	700,000	\$0.10	May 1, 2017
			<b>Agent's options</b>		
			500,000	\$0.10	May 1, 2014