

**MARKSMEN CAPITAL INC.**

**Management's Discussion & Analysis  
Form 51-102F1**

**For the three month period ending March 31, 2009**

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**MANAGEMENT'S DISCUSSION & ANALYSIS**  
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**Date of Report: May 21, 2009**

The following management discussion and analysis is a review of operations, current financial position and outlook for our Corporation and should be read in conjunction with the unaudited interim financial statements for the period ending March 31, 2009. Readers are encouraged to review our financial statements in conjunction with this document, copies of which are filed on the SEDAR website available at [www.sedar.com](http://www.sedar.com).

Our Corporation prepares the financial statements in accordance with Canadian generally accepted accounting principles. All dollar figures included herein are quoted in Canadian dollars unless otherwise noted.

**Disclaimer for Forward-Looking Information**

Certain statements in this report are forward-looking statements, which reflect management's expectations regarding future growth, results of operations, performance and business prospects and opportunities. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of March 31, 2009. These assumptions, which include, management's current expectations, estimates and assumptions about the global economic environment may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions, (2) inability to locate and identify potential business acquisitions, (3) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, and (4) other factors beyond our control.

There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Additional information about these and other assumptions, risks and uncertainties are set out in the section entitled "Risk Factors" below.

## Description of Business

Marksman Capital Inc. (the "Corporation" or "Marksmen") was incorporated under the laws of the Province of British Columbia on March 11, 2008. The Corporation completed an initial public offering (the "IPO") and commenced trading on the TSX Venture Exchange (the "TSX-V" or "Exchange") on August 6, 2008 and was classified as a Capital Pool Corporation ("CPC") as defined in the TSX-V Listings Policy 2.4. As a CPC, the principal business of the Corporation is to complete a Qualifying Transaction ("QT") by identifying and evaluating opportunities for the acquisition of an interest in assets or a business, and subsequently negotiate an acquisition of or participation subject to receipt of shareholder approval and acceptance for filing by the Exchange.

The Corporation has not commenced operations and has no significant assets other than cash. The proceeds from the IPO and private placements are expected to provide the Corporation with a minimum of funds with which to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction, subject to regulatory approvals as required. The Corporation 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. During fiscal 2008 and the first six months of fiscal 2009 the Corporation reviewed a number of opportunities. As of the date of this MD&A the Corporation has not entered into any agreements.

## Results of Operations

### *Overall Performance*

During the quarter ended March 31, 2009 the Corporation operated as a Capital Pool Company.

### *Summary of Financial Results*

The following table sets out selected financial data for the most recently completed period following our incorporation on March 11, 2008:

	January 1, 2009 to March 31, 2009	October 1, 2008 to December 31, 2008	July 1, 2008 to September 30, 2008	April 1, 2008 to June 30, 2008	From the period of incorporation on March 11, 2008 to June 30, 2008
Total expenses	\$18,700	\$18,702	\$96,450	\$0.00	\$14,000
Net loss	\$18,700	\$18,702	\$96,450	\$0.00	\$14,000
Basic and diluted net loss per share	\$0.00	\$0.01	\$0.05	\$0.00	\$0.00

*Period from January 1, 2009 to March 31, 2009*

During the quarter ended March 31, 2009 the Corporation incurred expenses of \$18,700. The most significant of these expenses were corporate accounting expenses of \$1,800, corporate secretarial of \$1,325, filing services of \$4,146, listing fees of \$5,000, professional fees of \$3,539, and transfer agent fees of \$2,890.

### **Liquidity and Capital Resources**

As at March 31, 2009 the Corporation had cash and cash equivalents of \$166,312. Until investment prospects generate profit sufficient to maintain operations, the ability of the Corporation to meet its financial liabilities and commitments is primarily dependent upon the continued issuance of equity to new or existing shareholders. The Corporation plans to raise any additional capital required to satisfy its operational requirements primarily through the private placement of equity securities. There is no assurance that the Corporation will be able to obtain further funds required for its continued working capital requirements.

#### *Operating Activities*

During the quarter ended March 31, 2009, operating activities used cash of \$19,276, as compared to cash used of \$30,000 in the same period of the previous year.

#### *Financing Activities*

During the quarter ended March 31, 2009, no cash was expended in relation to financing activities.

### **Future Accounting Changes**

#### *Convergence with International Financial Reporting Standards*

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards (IFRS) over an expected five-year transitional period. In February 2008, the AcSB announced that 2011 is the transition date for publicly listed companies to implement IFRS, which will replace Canadian GAAP for these types of entities.

The effective date for this change is interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of quarterly and annual amounts reported by the Corporation for the year September 30, 2011. The Corporation is in the process of developing a plan for IFRS convergence. Detailed analysis of the differences between IFRS and the Corporation's accounting policies and assessment of the various alternatives for first time adoption of IFRS are in progress. Training for key employees has begun and will continue throughout implementation. Due to the anticipated changes in IFRS prior to transition, it is currently not possible to full determine the impact on the consolidated results.

### *Business combinations / consolidated financial statements / non-controlling interests*

In January 2009, the CICA adopted sections 1582, "Business Combinations", 1601, "Consolidated Financial Statements", and 1602, "Non-Controlling Interests" which superseded current sections 1581, "Business Combinations" and 1600, "Consolidated Financial Statements". These sections will be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier adoption is permitted. If an entity applies these sections before January 1, 2011, it is required to disclose that fact and apply each of the new sections concurrently. These new sections were created to converge Canadian GAAP to IFRS. Off-Balance Sheet Arrangements

#### **Off Balance Sheet Arrangements**

Our Corporation did not have any off balance sheet arrangements during the quarter ended March 31, 2009 or as of the date of this report.

#### **Related Party Transactions**

Included in general and administrative expenses are amounts totaling \$3,600 for accounting services and facilities related charges provided by The Alyris Group, a company related to the Corporation through common directorship. The amounts are recorded at the exchange amount agreed to by the parties.

#### **Commitments**

The Corporation did not have any commitments as at March 31, 2009 or as of the date of this report.

#### **Financial Instruments and Other Instruments**

Financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

#### **Additional Disclosure for Venture Issuers Without Significant Revenue**

Detail regarding material items within general and administrative expenses has been provided throughout this document.

## **Outstanding share data**

### *Common Shares*

Authorized share capital consists of an unlimited number of common shares without par value. A total of 3,090,000 common shares were outstanding at March 31, 2009. Of the 3,090,000 shares outstanding 1,660,000 are subject to a Tier 2 Value Escrow Security Agreement and may not be released from escrow and traded without the prior written consent of the regulatory authorities.

### *Warrants*

As at March 31, 2009 a total of 143,000 share purchase warrants were outstanding. The warrants have an exercise price of \$0.14 and expire August 6, 2010.

### *Stock Options*

The Corporation has a share incentive plan (the "Plan") which is restricted to directors, officers, key employees and consultants of the Corporation. The number of common shares subject to options granted under the Plan (and under all other management options and employee stock purchase plans) is limited to 10% in the aggregate and 5% with respect to any one optionee of the number of issued and outstanding common shares of the Corporation at the date of the grant of the option. Options issued under the Plan may be exercised during a period determined by the Board of Directors which cannot exceed ten years.

As at March 31, 2009 a total of 290,000 stock options were outstanding. The options have an exercise price of \$0.14 and expire August 6, 2013.

## **Risk Factors**

An investment in our Corporation involves a number of risks. You should carefully consider the following risks and uncertainties in addition to other information in this interim report in evaluating our Corporation and our business before making any investment decision in regards to the common shares of our Corporation. Our business, operating and financial condition could be harmed due to any of the following risks. The risks described below are not the only ones facing our Corporation. Additional risks not presently known to us may also impair our business operations.

The Corporation's financial performance is likely to be subject to the following risks:

- (i) the Corporation has not commenced commercial operations, and has no assets other than cash, has no history of earnings and shall not generate earnings or pay dividends until at least after completion of the Qualifying Transaction;
- (ii) until completion of a Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions; and
- (iii) the Corporation has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Corporation will be able to identify or complete a suitable Qualifying Transaction.

#### *Financing Risks*

Our Corporation is limited in both financial resources, and sources of operating cash flow and has no assurance that additional funding will be available to us for further exploration and development of our projects or to fulfill our obligations under any applicable agreements. There can be no assurance that we will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of our projects with the possible loss of such properties.

#### *Regulatory Requirements*

Our Corporation may acquire properties in other jurisdictions or countries. Any changes in regulations or shifts in political conditions are beyond the control of our Corporation and may adversely affect our business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and mine safety.

#### *Market for Securities*

There can be no assurance that an active trading market in our securities will be established and sustained. The market price for our securities could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of our peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of our Corporation. The stock market has from time to time experienced extreme price and volume fluctuations, particularly in the mining sector, which have often been unrelated to the operating performance of particular companies.

#### *Reliance on Key Individuals*

Our success depends to a certain degree upon certain key members of the management. It is expected that these individuals will be a significant factor in our growth and success. The loss of the service of members of the management and certain key employees could have a material adverse effect on our Corporation.

**Additional Information**

Additional information relating to our Corporation can also be found on SEDAR at [www.sedar.com](http://www.sedar.com).

“Daniel Mechis”

(signed) Daniel Mechis

Chief Executive Officer

Thunder Bay, Canada

May 21, 2009