

MARKSMEN CAPITAL INC.

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

For the Period from Incorporation on March 11, 2008 to September 30, 2008

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Date of Report: January 27, 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 financial statements for the period from incorporation on March 11, 2008 to September 30, 2008. 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.

Our Corporation prepares our 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 our management's expectations regarding our 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 September 30, 2008. 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 and shareholder 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 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 period from incorporation on March 11, 2008 to September 30, 2008, our Corporation was classified as a Capital Pool Company. The Corporation did not incorporate until March 11, 2008, and as a result there is no comparative historical financial information preceding this date.

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:

	June 30, 2008 to September 30, 2008	From the period of incorporation on March 11, 2008 to June 30, 2008
Total expenses	\$96,450	\$14,000
Net loss	\$96,450	\$14,000
Basic and diluted net loss per share	0.05	\$0.00

Period from June 30, 2008 to September 30, 2008

During the period from June 30, 2008 to September 30, 2008, we incurred expenses of \$96,450. The most significant expenses incurred during the period consisted of compensation adjustment for stock options granted of \$30,740, legal expenses of \$29,554 and filing fees of \$23,130.

Liquidity and Capital Resources

As at September 30, 2008, we had cash of \$220,384. Until our investment prospects generate profits sufficient to maintain our operations, the ability of our Corporation to meet our financial liabilities and commitments is primarily dependent upon the continued issuance of equity to new or existing shareholders. Our Corporation plans to raise any additional capital required to satisfy our operational requirements primarily through the private placement of our equity securities. There is no assurance that our Corporation will be able to obtain further funds required for our continued working capital requirements.

Operating Activities

During the period from incorporation on March 11, 2008 to September 30, 2008, operating activities used cash of \$55,996.

Financing Activities

During the period from incorporation on March 11, 2008 to September 30, 2008, financing activities provided net cash of \$276,380.

Initial Adoption of recently issued Accounting Policies

Assessing Going Concern

The Accounting Standards Board (“AcSB”) amended CICA Handbook Section 1400, to include requirements for management to assess and disclose an entity’s ability to continue as a going concern. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008.

Financial Instruments

The AcSB issued CICA Handbook Section 3862, *Financial Instruments – Disclosures*, which requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity’s financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, *Financial Instruments – Recognition and Measurement*, Section 3863, *Financial Instruments – Presentation*, and Section 3865, *Hedges*. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

The AcSB issued CICA Handbook Section 3863, *Financial Instruments – Presentation*, which is to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

Capital Disclosures

The AcSB issued CICA Handbook Section 1535, which establishes standards for disclosing information about an entity's capital and how it is managed. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

Future Accounting Changes

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 use IFRS, which will replace Canadian GAAP.

The effective date is for 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 amounts reported by the Corporation for the year ended September 30, 2011. While the Corporation has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Off-Balance Sheet Arrangements

Our Corporation did not have any balance sheet arrangements during the period from incorporation on March 11, 2008 to September 30, 2008 or as of the date of this report.

Related Party Transactions

Included in general and administrative expenses are amounts totaling \$2,400 for accounting and management services 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

Our Corporation did not have any commitments as at September 30, 2008 or as of the date of this report.

Financial Instruments and Other Instruments

Our financial instruments consist of cash and cash equivalents, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that our 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

Additional disclosure concerning our general and administrative expenses is provided in our Statements of Operations and Deficit contained in our audited financial statements for the period from incorporation on March 11, 2008 to September 30, 2008 available on SEDAR at www.sedar.com.

Outstanding share data

Common Shares

Our authorized share capital consists of an unlimited number of common shares without par value.

Private Placement

During the period the Corporation issued an aggregate of 1,660,000 common shares (the "Common Shares") at a price of \$0.07 per Common Share for gross proceeds of \$116,200. The Common Shares were offered by way of non-brokered private placement exemptions in certain Provinces in Canada. Under the requirements of the TSX Venture Exchange the Common Shares will be held in escrow and may not be released from escrow and traded without the prior written consent of the regulatory authorities.

Initial Public Offering

On August 6, 2008 the Corporation completed its initial public offering ("IPO") of 1,430,000 common shares in the capital of the Corporation at a price of \$0.14 per common share for gross proceeds of \$200,200 (the "Proceeds").

Warrants

The Corporation has paid Canaccord Capital Corporation a cash commission equal to 10% of the Proceeds plus an administration fee and related expenses of \$20,000 and granted a non-transferable option (the "Agent's Option") to purchase 143,000 common shares of the Corporation equal to 10% of the number of common shares sold through the IPO. The Agent's Option is exercisable for a period of 24 months from the date of listing on the TSX Venture Exchange at a price of \$0.14 per common share. The fair value of the share purchase warrants has been estimated using the Black-Scholes option pricing model. The assumptions used for the valuation of the respective warrants were:

Dividend yield 0%, expected volatility 100%, a risk-free interest rate of 3.50% and an expected life of 24 months. Value assigned to the 143,000 share purchase warrants was \$10,724.

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.

On August 6, 2008, a total of 290,000 stock options were issued to directors, officers, key employees and certain consultants of the Corporation. All of the 290,000 options issued vested immediately.

The Corporation applies the fair value method of accounting for all stock-based compensation awards and accordingly, \$30,740 was recorded as compensation for the 290,000 stock options.

For purposes of the options granted, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model, with the following assumptions: dividend yield of 0%, expected volatility of 100%, risk-free interest rate of 3.50%, expected life of 5 years vesting immediately.

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.

Markets 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.

(signed) Dan Mechis

Chief Executive Officer

Thunder Bay, Canada

January 27, 2009