

# **DPVC INC.**

## **FORM 51-102F1**

### **MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE PERIOD FROM JUNE 3, 2008 TO DECEMBER 31, 2008**

#### **Date**

This management discussion and analysis (“**MD&A**”) dated April 29, 2009 is in respect of the period from June 3, 2008 to December 31, 2008, and should be read in conjunction with the audited financial statements for the period from June 3, 2008 to December 31, 2008.

#### **Forward-Looking Statements**

This MD&A may contain forward-looking statements with respect to DPVC Inc. (“**DPVC**” or the “**Company**”). These forward-looking statements by their nature involve risks and uncertainties that could cause actual results to differ materially from those contemplated by such statements. The Company considers the assumptions on which these forward-looking statements are based to be reasonable at the time they were prepared, but cautions the reader that these assumptions regarding future events, many of which are beyond the control of management, may ultimately prove to be incorrect. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

#### **Overall Performance**

DPVC is classified as a Capital Pool Company (“**CPC**”) for the purposes of the policies of the TSX Venture Exchange (the “**Exchange**”). As a result, the Company’s current business is to identify and evaluate businesses and assets with a view to completing a “qualifying transaction”. Any proposed qualifying transaction must be accepted by the Exchange and in the case of a non-arm’s length qualifying transaction is also subject to “majority of the minority approval” in accordance with Policy 2.4 of the Exchange. The Company has not conducted commercial operations other than to identify and pursue potential acquisitions or interests.

Until completion of the qualifying transaction, the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential qualifying transaction. 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 Company’s final prospectus dated September 26, 2008, the funds raised pursuant to the Company’s initial public offering 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.

The Company’s fiscal year end is December 31 and December 31, 2008 is the first fiscal year end.

## Selected Annual Financial Information

A summary of selected financial information for the period from June 3, 2008 to December 31, 2008 is as follows:

|  | <b>Period from date of<br/>incorporation (June 3, 2008) to<br/>December 31, 2008</b> |
|--|--|
| Interest income  | \$ 1,802   |
| Net loss before discontinued operations and<br>extraordinary items | (\$ 6,486)   |
| Net loss   | (\$ 6,486)   |
| Net loss per share,<br>basic and diluted                           | (\$ 0.01)  |
| Total assets   | 327,731  |
| Long-term financial liabilities                                    | \$ -   |
| Cash dividends declared per share                                  | \$ -   |

For the period from June 3, 2008 to December 31, 2008, the Company reported no discontinued operations and did not declare any cash dividends. As the Company was only incorporated on June 3, 2008, no comparative financial information for the period ended December 31, 2007 is available.

## Results of Operations

For the period from June 3, 2008 to December 31, 2008, the Company had interest income of \$1,802, consisting of interest earned on cash held in bank accounts. A summary of the Company's expenses are as follows:

| Expense category      | <b>Period from date of<br/>incorporation (June 3, 2008) to<br/>December 31, 2008</b> |
|-----------------------|--|
| Bank charges          | \$ 9   |
| Filing fees           | 3,128  |
| Professional fees     | 5,151  |
| <b>Total expenses</b> | <b>\$ 8,288</b>  |

The expenses incurred related to audit fees, filings fees, legal fees, and transfer agent fees were incurred for the start-up and maintenance of the Company's operations.

## Selected Quarterly Financial Information

A summary of selected quarterly financial information for period from June 3, 2008 to December 31, 2008 is as follows:

|  | <b>Period from date of incorporation (June 3, 2008) to June 30, 2008</b> | <b>Quarter ended September 30, 2008</b> | <b>Quarter ended December 31, 2008</b> |
|--|--|---|--|
| Interest income  | -  | \$ 1,288                                | \$ 514                                 |
| Net earnings/(loss) before discontinued operations and extraordinary items | -  | 869                                     | (\$ 7,355)                             |
| Net loss   | -  | 869                                     | (\$ 7,355)                             |
| Net loss per share, basic and diluted                                      | -  | \$0.00                                  | \$ 0.00                                |

The difference in the figures between the fiscal periods is due to the amount of activity by the Company in each period.

## Financings

The Company has issued 2,000,000 common shares at \$0.10 per share to its directors, officers and founders for gross proceeds of \$200,000. These shares are subject to an escrow agreement to be released in accordance with the CPC policy guidelines.

The Company completed its initial public offering (“IPO”) pursuant to its prospectus dated September 26, 2008 (the “Prospectus”) filed with the British Columbia Securities Commissions, the Saskatchewan Financial Services Commission and The Manitoba Securities Commission and commenced trading on the Exchange on October 21, 2008. Pursuant to the IPO, the Company issued 1,000,000 shares at a price of \$0.20 per share for proceeds of \$200,000. The agent for the offering received a commission of \$20,000, reimbursement of \$5,132 in out-of pocket costs, including legal fees, and an option to acquire up to 100,000 shares at \$0.20 per share until October 16, 2010 (valued at \$8,169). The Company incurred additional fees of \$48,402 respectively relating to share issue costs for the IPO.

## Liquidity and Capital Resources

As at December 31, 2008, the Company had working capital of \$319,980. Management believes the Company currently has sufficient capital to carry on its current business.

The net proceeds from all of the Company’s financings have certain limitations on them until completion of the Qualifying Transaction. Except as described in the Company’s final prospectus dated September 26, 2008, the funds raised pursuant to the Company’s initial public

offering 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.

### **Transactions with Related Parties**

For the period from June 3, 2008 to December 31, 2008, the Company had no transactions with related parties.

### **Off Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

### **Commitments and Contingent Liabilities**

The Company has no commitments or contingent liabilities.

### **Changes in Accounting Policies Including Initial Adoption**

The CICA Accounting Standards Board has adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards for public companies will be required to converge with International Financial Reporting Standards for fiscal years beginning on or after January 1, 2011 with comparative figures presented on the same basis.

The Company is currently considering the effect on the financial statements of the new standards.

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

The Company's financial instruments consist of cash, accounts receivable and accounts payable. It is management's opinion that the Company is not exposed to significant liquidity, interest, currency or credit risks arising from these financial instruments and that the fair value of these financial instruments approximates their carrying values.

### **Proposed Transactions**

The Company does not have any proposed transactions.

## Additional Disclosure for Venture Issuers without Significant Revenue

As the Company has not had significant revenue from operations in the last two financial years, the following is a breakdown of the material costs incurred:

|  |  |
|--|--|
|  | From the date of incorporation (June 3, 2008) to December 31, 2008 |
| Material Components  |  |
| Expenses   | \$ 8,288   |
| Other material costs, whether capitalized, deferred or expensed, not referred to above |  |
| - stock options issued   | \$ 8,169   |
| - share issuance costs   | \$73,354   |

Other material costs totalling \$81,703 relate to share issuance costs related to the initial public offering that occurred on September 26, 2008.

## Disclosure of Outstanding Share Data

As at December 31, 2008 and the date of this MD&A, the following is a description of the outstanding equity securities and convertible securities previously issued by the Company:

|  | As at December 31, 2008   | As at the Date of this MD&A                                     |
|--|---|---|
| Voting or equity securities authorized   | Unlimited   | Unlimited   |
| Securities convertible or exercisable into voting or equity securities – stock options         | Stock options to acquire up to 10% of outstanding common shares | Stock options to acquire up to 10% of outstanding common shares |
| Voting or equity securities issued and outstanding   | 3,000,000 common shares   | 3,000,000 common shares   |
| Securities convertible or exercisable into voting or equity securities – stock options         | NIL   | NIL   |
| Securities convertible or exercisable into voting or equity securities – agent’s stock options | 100,000   | 100,000   |
| Voting or equity securities issuable on conversion or exchange of outstanding securities       | 100,000   | 100,000   |

## **Risks and Uncertainties**

As a Capital Pool Company, under the policies of the Exchange, the Company must identify and complete a “qualifying transaction” within 24 months from the date the Company’s common shares were listed on the Exchange, October 17, 2008. There is no assurance that the Company will be able to complete a qualifying transaction within 24 months of the date of listing or that it will be able to secure the necessary financing to complete a qualifying transaction. The Exchange may suspend or delist the Company’s shares from trading on the Exchange and move the shares to the NEX board should it not meet these requirements. The qualifying transaction will be subject to regulatory approval and may be subject to shareholder approval.

The Company has limited funds with which to identify and evaluate potential Qualifying transactions, and there can be no assurance that the Company will be able to identify or complete a suitable Qualifying Transaction before the deadline of October 16, 2010.

## **Critical Accounting Estimates**

The preparation of financial statements requires the Company to select from possible alternative accounting principles, and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date and reported costs and expenditures during the reporting period. Estimates and assumptions may be revised as new information is obtained, and are subject to change. The Company’s accounting policies and estimates used in preparation of the Financial Statements are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

## **Other MD&A Requirements**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).