CANFE VENTURES LTD.
(A Capital Pool Company)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED March 31, 2010

General

The following management discussion and analysis of the results of operations and financial condition ("MD&A"), prepared as of May 20, 2010, should be read in conjunction with the financial statements of Canfe Ventures Ltd. (the "Company") for the three months ended March 31, 2010 and accompanying notes thereto. These financial statements are prepared in accordance with Canadian generally accepted accounting principles.

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.

On June 16, 2008, the Company completed its initial public offering of 3 million common shares at a price of $0.10 per share for gross proceeds of $300,000 (the "IPO"). On June 18, 2008, the Company's common shares were listed for trading on the TSX Venture Exchange (the "Exchange" or the "TSX-V") under the Exchange's capital pool program with the stock symbol "FEY.P".

Cautionary Note Regarding Forward Looking Statements

Certain statements contained in this MD&A constitute forward-looking statements. 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 any future results, performance or achievements expressed or implied by such forward-looking statements.

Readers are cautioned not to place undue reliance on these 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 below.

Description of Business

The Company is a capital pool company ("CPC") under the Exchange's capital pool program. As a CPC, the principal business of the Company is the identification and evaluation of assets or businesses with a view to completing a "Qualifying Transaction" as defined in the Exchange Policy 2.4 once the Company's common shares are listed for trading on the Exchange. Accordingly, the Company has not commenced commercial operations and has no assets other than its cash, GST receivable and prepaid expenses.

Under the CPC policies of the Exchange, the Company must identify and complete a Qualifying Transaction within 24 months from the date the Company's shares are listed for trading on the Exchange. There is no assurance that the Company will be able to complete a Qualifying Transaction within 24 months of being listed or that it will be able to secure the necessary financing to complete a Qualifying Transaction. The Exchange

may suspend or de-list the Company's shares from trading should it not meet these requirements. Reference should be made to the section below entitled "Qualifying Transaction".

Overall Performance

The following discussion of the Company's financial performance is based on the financial statements for the period ended March 31, 2010 and 2009.

As of March 31, 2010, the Company had cash of $66,016 (December 31, 2009 - $76,467) and total current assets of $66,754 (December 31, 2009 - $80,548).

Shareholders' equity is comprised of share capital of $355,923 (December 31, 2009 - $355,923), contributed surplus of $27,944 (December 31, 2009 - $27,944) and the deficit of $318,210 (December 31, 2009 - $303,919) for a net $65,657 (December 31, 2009 - $79,948).

Working capital, which is current assets less current liabilities, is $65,657 as at March 31, 2010 compared to $79,948 as at December 31, 2009. Management believes that there is sufficient working capital to maintain its day-to-day operations as a CPC for the next 12 months.

During the three months ended March 31, 2010, the Company reported a net loss of $14,291 ($0.003 basic and diluted loss per share) compared to a net loss of $45,009 ($0.009 basic and diluted loss per share) from the three months ended March 31, 2009.

As at March 31, 2010, 5,262,275 common shares of the Company were issued and outstanding.

Qualifying Transaction

As at March 31, 2010, the Company has not yet identified assets or a business that would become its Qualifying Transaction.

On August 5, 2009, the Company reported the termination by mutual agreement of the share exchange agreement relating to the Company's proposed purchase of Dinan Engineering, Inc. The preliminary prospectus filed by the Company relating to the planned concurrent financing has been withdrawn.

The Company has been named in a lawsuit claiming a fee allegedly owed by Dinan Engineering, Inc. The Company has not yet been served with the lawsuit but intends to defend itself if it is served. On October 31, 2009, all claims pertaining to the lawsuit have been released and the Company was not subject to any contingent liabilities.

Results of Operations

For the three months ended March 31, 2010, the Company incurred a loss of $14,291 (March 31, 2009 - $45,009). Major expense items for the three months include accounting and legal fees of $9,350 (March 31, 2009 - $30,516), and transfer agent and filing fees of $4,804 (March 31, 2009 - $11,098).

Financing Activities

Since incorporation on January 14, 2008, the Company has engaged in the following financing activities:

1. On January 14, 2008, the Company issued 2,200,000 common shares at a price of $0.05 per share for gross proceeds of $110,000, to directors and officers of the Company as seed shares.
2. On June 16, 2008, the Company closed its initial public offering of 3,000,000 common shares at a price of $0.10 per share for aggregate gross proceeds of $300,000. Expenses of the issue were $50,500 resulting in net proceeds of $249,500. In addition, the Company granted 300,000 options (the "Agent's Options") to the agent for the Company's initial public offering (the "IPO agent"), exercisable at a price of $0.10 per share for a period of 24 months from the closing of the IPO.
3. On November 19, 2008, the IPO agent exercised the Agent's Options as to 20,000 common shares at a price of $0.10 per share for aggregate gross proceeds of $2,000.
4. On November 28, 2008, the IPO agent exercised the Agent's Options as to 42,275 common shares at a price of $0.10 per share for aggregate gross proceeds of 4,228.

Liquidity

The Company does not currently own or have an interest in any assets or businesses and does not derive any revenues from operations. The Company's activities have been funded through equity financing and the Company expects that it will continue to be able to utilize this source of financing, although current stock market and general economic conditions have made this more difficult, until it develops cash flows from operations. There can be no assurance that the Company will be successful in its efforts. If such funds are not available or other sources of finance cannot be obtained, then the Company will be forced to curtail its activities to a level for which funding is available and can be obtained.

Capital Resources

On June 18, 2008, the Company's common shares were listed for trading on the Exchange under the stock symbol "FEY.P". As at March 31, 2010, the Company has no business operations and as such has no operating revenues. Accordingly, the Company is dependent on the equity markets as its sole source of operating working capital. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing which has been made more difficult by the current stock market and general economic conditions.

The Company will continue to require funds to support its potential future operations and commitments and as a result, will have to continue to rely on equity and debt financing during such period. 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 time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company.

As at March 31, 2010, the Company has no commitments for any capital expenditures.

Off Balance Sheet Arrangements

The Company did not enter into any off-balance sheet arrangements during the period.

Related Party Transaction

There were no related party transactions during the three months ended March 31, 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. 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.

Changes in Accounting Policies

Adoption of New Accounting Standard

Effective January 1, 2009, the Company adopted the CICA account standard, Goodwill and Intangible Assets ("Section 3064"), which replaces Section 3062, Goodwill and Other Intangible Assets ("Section 3062") and Section 3450, Research and Development Costs. Various changes have been made to other sections of the CICA Handbook for

consistency purposes. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The new sections had no material change to the Company's financial position or results of operation.

Recently issued accounting pronouncements

In February 2008, the Accounting Standards Board (AcSB) confirmed that Canadian public companies will have to adopt International Financial Reporting Standards (IFRS) effective for years beginning on or after January 1, 2011. IFRS will replace Canada's current generally accepted accounting principles. Companies will be required to provide comparative IFRS information for the previous fiscal year. The Company has initiated an assessment of the impact of IFRS adoption on its business activities, processes and accounting policies, after which it will implement a communication strategy, as appropriate, aimed at all stakeholders, to assist in their understanding of its transition to IFRS. The Company will continue to monitor results from the existing conversion plan, as well as ongoing changes to IFRS, and adjust its transition and implementation plans accordingly. The Company's transition remains aligned to its implementation schedule and it is on track to meet the timelines essential to its changeover.

In January 2009, the CICA issued Section 1582 "Business Combinations" to replace Section 1581. Prospective application of the standard is effective January 1, 2011, with early adoption permitted. This new standard effectively harmonizes the business combinations standard under Canadian GAAP with International Financial Reporting Standards ("IFRS"). The new standard revises guidance on the determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination.

The CICA concurrently issued Section 1601 "Consolidated Financial Statements" and Section 1602 "Non- Controlling Interests" which replace Section 1600 "Consolidated Financial Statements. Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These standards are effective January 1, 2011, unless they are early adopted at the same time as Section 1582 "Business Combinations". This new section will only have an impact on the Company's financial statement for future acquisitions upon completion of its Qualifying Transaction.

In January 2009, the CICA issued EIC Abstract 173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". The EIC requires the Company to take into account the Company's own credit risk and the credit risk of the counterparty in determining the fair value of financial assets and financial liabilities, including derivative instruments. The abstract applies to interim and annual financial statements relating to

fiscal years beginning on or after January 1, 2010. The Company is currently assessing the impact of the new standard on its financial statements.

In December 2009, the CICA issued EIC 175, Multiple Deliverable Revenue Arrangements, replacing EIC 142, Revenue Arrangements with Multiple Deliverables. This abstract was amended to: (1) provide updated guidance on whether multiple deliverables exist, how the deliverables in an arrangement should be separated, and the consideration allocated; (2) require, in situations where a vendor does not have vendor specific objective evidence ("VSOE") or third-party evidence of selling price, that the entity allocate revenue in an arrangement using estimated selling prices of deliverables; (3) eliminate the use of the residual method and require an entity to allocate revenue using the relative selling price method; and (4) require expanded qualitative and quantitative disclosures regarding significant judgments made in applying this guidance.

The accounting changes summarized in EIC 175 are effective for fiscal years beginning on or after January 1, 2011, with early adoption permitted. Adoption may either be on a prospective basis or by retrospective application. If the Abstract is adopted early, in a reporting period that is not the first reporting period in the entity's fiscal year, it must be applied retroactively from the beginning of the Company's fiscal period of adoption.

The Company is currently assessing the future impact of these amendments on its financial statements and has not yet determined the timing and method of its adoption.

Financial and Other Instruments

The Company's financial assets and liabilities consist of cash and accounts payable and accrued liabilities.

Fair value

The estimated fair values of cash and accounts payable and accrued liabilities approximate their respective carrying values due to the short period to maturity. 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 CICA Handbook section 3862 – Financial Instruments – Disclosures:

> Level 1 - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.
>
> 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.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash which are held in large Canadian financial institution. The Company believes this credit risk is insignificant.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2010, the Company had a cash balance of $66,016 (2009 - $76,467) to settle current liabilities of $1,097 (2009 - $600). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

(a) Interest rate risk
The Company has cash balances and no interest-bearing debt. The Company believes it has no significant interest rate risk.

(b) Foreign currency risk
As at March 31, 2010, the Company's expenditures are in Canadian dollars, any future equity raised is expected to be predominantly in Canadian dollars. The Company believes it has no significant foreign currency risk.

<u>Outstanding Share Data</u>

The following information relates to share data of the Company as at March 31, 2010:

<u>Share capital</u>

(a) Authorized:
  - An unlimited number of common voting shares.

(b) Issued:
The Company had 5,262,275 common shares issued and outstanding and its share capital is $355,923.

<u>Options</u>

The Company has granted 300,000 options to directors of the Company pursuant to stock option agreements. These options have an exercise price of $0.10 per share and are exercisable for a period of five years from June 16, 2008, the closing date of the IPO.

The Company has also granted 300,000 options to the IPO agent, exercisable at a price of $0.10 per share for a period of 24 months from the closing of the IPO. On November 19, 2008, the IPO agent exercised the Agent's Options of 20,000 common shares. On November 28, 2008, the IPO agent exercised the Agent's Options of 42,275 common shares. As at March 31, 2010, there are 237,725 IPO Agent's Options outstanding and exercisable into 237,725 common shares.

A summary of stock options outstanding as at March 31, 2010 is set out below:

Number of Options	Exercise Price	Expiry Date
237,725	$0.10	June 18, 2010
300,000	$0.10	June 18, 2013
537,725		

During the three months ended March 31, 2010, there were no options granted, cancelled, or exercised.

Warrants

The Company has not issued any common share purchase warrants as at March 31, 2010.

Additional Disclosure for Venture Issuers Without Significant Revenue

The Company has expensed the following material cost components:

	Three months ended March 31, 2010	Three months ended March 31, 2009
Accounting & Legal Fees	$ 9,350	$ 30,516
Travel	$ Nil	$ 2,910
Transfer Agent and Filing fee	$ 4,804	$ 11,098

Accounting and legal fees incurred and expensed in the three months ended March 31, 2009 were paid to the legal counsel and auditor of the Company in connection with the Company's listing process, and to legal counsel of the target company in connection with a proposed Qualifying Transaction. Project investigation is expenses incurred in connection to the proposed Qualifying Transaction with Dinan that was terminated on August 5, 2009.

Risks and Uncertainties

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

a) The Company has not commenced commercial operations, and has no assets other than cash, GST receivable and prepaid expenses. The Company has no history of

earnings and shall not generate earnings or pay dividends until at least after completion of its Qualifying Transaction.

b) Until completion of a Qualifying Transaction, the Company is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions; and

c) The Company has only 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.

Other MD&A Requirements

Additional information relating to the Company is available on SEDAR at www.sedar.com.