

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
OPERATIONS AND FINANCIAL CONDITION
FOR THE QUARTER ENDED JANUARY 31, 2011**

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management's discussion and analysis ("MD&A") was prepared as of March 24, 2011 and should be read in conjunction with Synodon Inc.'s ("Synodon" or the "Company") interim financial statements for the three month period ended January 31, 2011. In addition, this MD&A should be read in conjunction with the Company's MD&A and the audited annual financial statements for the year ended October 31, 2010 and the notes contained therein. The accompanying financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and in the Company's reporting currency which is the Canadian dollar. Synodon is a reporting issuer in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Nova Scotia. The Company's shares trade on the TSX Venture Exchange under the symbol "SYD".

Additional information relating to the Company is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") web site at www.sedar.com.

This MD&A contains forward-looking statements. Please see the section "Note Regarding Forward-Looking Statements" beginning on page 18 of this MD&A for a discussion of the risks, uncertainties and assumptions relating to those statements.

Overview

This section is forward-looking by nature. It is qualified entirely by the section "Note Regarding Forward-looking Statements", beginning on page 18 of this MD&A. It is also qualified by the section "Risks Relating to the Business", beginning on page 12 of this MD&A.

Synodon is an advanced remote sensing technology company which has developed a proprietary platform technology called realSens™ (the "Technology") that has been proven to be capable of measuring small ground-level gas concentrations from an aircraft flying up to 300 metres in altitude.

The underlying technology and detection principle of realSens™ was developed and proven through Canada's Space Program by the University of Toronto and Canadian Space Agency and then further refined by Synodon's scientists. The Technology is designed to be capable of passively and remotely sensing ground-level concentrations of a wide variety of gases such as methane, ethane and other hydrocarbon based gases as well as ammonia, carbon monoxide and nitrogen oxides. Unlike the space technology on which it is based, which measures gases from instruments located in earth's orbit (typically 100 to 700 km altitude), realSens™ is intended to do so from within the atmosphere.

The potential applications for realSens™ are very broad as it could be applied to various circumstances that require the remote measurement of ground-level gas concentrations such as: hydrocarbon emissions, pollution monitoring, industrial emission inventory, hazardous gas monitoring during emergencies, greenhouse gas emission inventory, illegal drug manufacturing detection, chemical weapon monitoring and other military and security based applications. For each one of these applications, a targeted, slightly modified version of the Technology could be used as each specific instrument can be built to measure one to four primary gases such as ammonia, benzene, nitrogen oxides and carbon monoxide.

Under the current instrument implementation, Synodon has demonstrated the ability to measure and detect two gases, ethane and methane. The three initial markets that are currently being targeted with these two gases are the oil and gas, waste management and agricultural sectors.

The first vertical Synodon is focusing its marketing efforts upon is the natural gas pipeline sector, part of the broader, \$1.6 billion hydrocarbon emissions detection market. This market consists of pipeline operators who own or control gathering, transmission and distribution lines. In this sector, Synodon has already achieved a number of successful prototype tests of the realSens™ technology with its strategic partners. The gas leak detection service that Synodon provides is price competitive in this market sector and potentially offers a more accurate gas leak sensing solution compared to current inspection methods in this market sector.

The realSens™ technology has a number of competitive features that are expected to make it a more economic and effective leak detection application than currently existing natural gas leak detection technologies. The primary competitive feature is the fact that realSens™ has been developed for use on aircraft allowing it to have an inspection speed that is 70 - 80 times faster when compared to current ground deployed solutions.

Since inception, Synodon has expended \$11.3 million primarily for product research and development but also for initial marketing, advertising, promotion and public relations activities. The Company has not been profitable since its inception and expects to incur further losses in continuing the development and testing of its product. The Company has started to generate revenues in fiscal year 2010 now that its realSens™ technology is in final field trials and customer demonstrations. The Company is currently implementing marketing and sales strategies for its product.

The Company has expensed all research and development and prototype costs as incurred with no development costs being capitalized. The Company has not yet met the specific criteria under Canadian GAAP related to technical, market and financial feasibility to allow for the capitalization of development costs. At October 31, 2010, the Company had approximately \$8,000,000 of non-capital losses available to reduce future taxable income and \$153,750 of investment tax credits available to reduce income taxes payable.

Main Accomplishments during the Period

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NOVA Chemicals Follow-on Contract

During the quarter ended July 31, 2010, the Company began to deliver on the follow-on contract signed on March 25, 2010 with Nova Chemicals. The commercial contract was for a 3 year term for the survey of their entire 1,500 kilometer pipeline network that carries ethane. The section scheduled for survey during the 2010 season was roughly 30% of the pipeline network. The 2010 portion of the survey was completed during the period..

Waste Management Greenhouse Gas Emissions Measurement Project

The Company delivered on the contract signed on March 9, 2010 with Edmonton Waste Management Centre of Excellence (“EWMCE”). Under the agreement with EWMCE, the Company has performed a series of field measurements with the realSens™ airborne gas sensing instrument over a variety of waste treatment facilities. The facilities included closed and active landfill sites, biosolids lagoons and composting sites. The primary gas of interest measured during these trials was methane (as compared to ethane which is the primary gas being measured during natural gas pipeline surveys). EWMCE has

participated in the evaluation and interpretation of the results and their correlation to concomitant ground level measurements.

EWMCE (<http://www.ewmce.com>) is a not-for-profit corporation established to meet solid waste and wastewater challenges worldwide. EWMCE is a collaborative hub for innovative research, technology development and training. The focus is on developing practical, sustainable solutions to apply locally and globally. EWMCE's members are the City of Edmonton, the University of Alberta, Alberta Innovates – Technology Futures (formerly the Alberta Research Council), AMEC Earth and Environmental Ltd., Northern Alberta Institute of Technology and EPCOR Water Services Inc.

Canada has 10,000 landfills, of which 200 are major landfills, emitting anaerobically produced methane, a strong greenhouse gas. In 2007, solid waste landfills in Canada and the United States emitted nearly 177.3 Mtonnes CO₂ equivalent of methane representing 26% of the total methane emissions and 2.7% of the two countries total greenhouse gas emissions.

The final results of the surveys, delivered during the period, demonstrated that the realSens™ technology is capable of detecting emissions from landfills. Follow-on work is being contemplated to refine the total emissions quantification process that has been developed during the 2010 work phase.

Latin America Distribution Option Extended

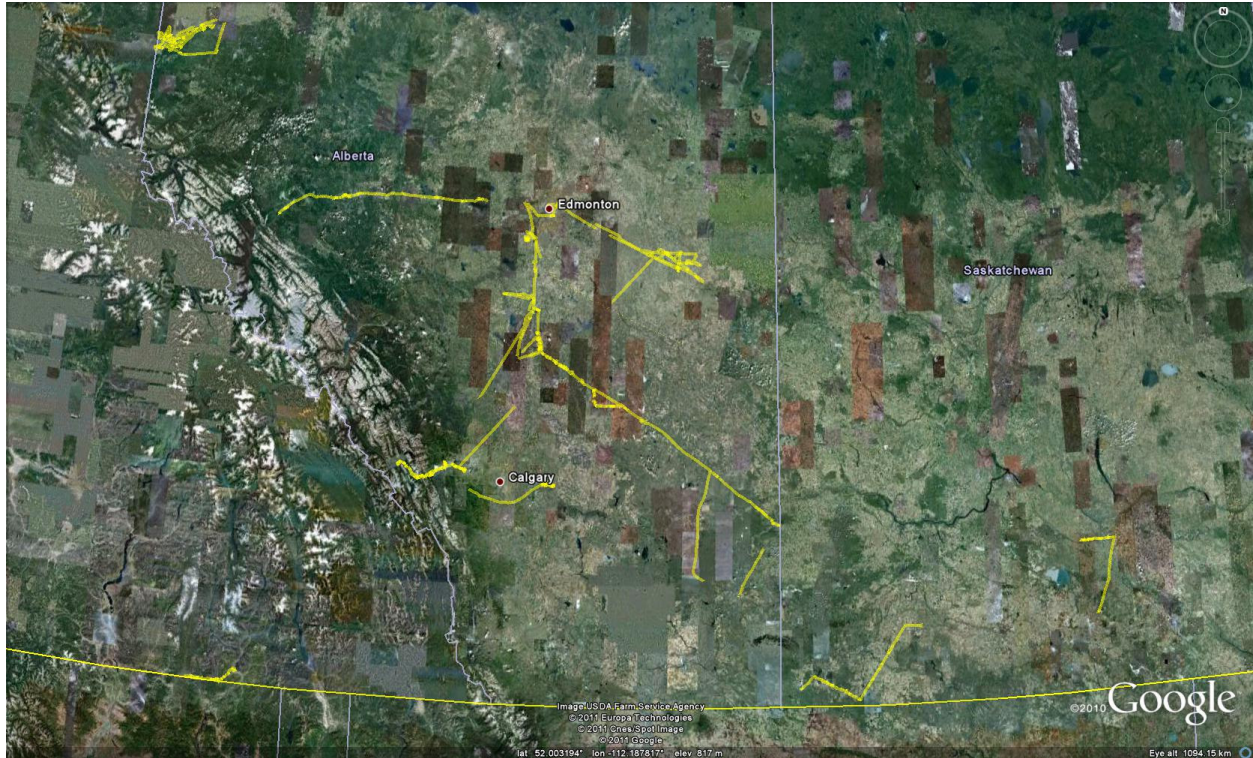
On March 12, 2009, The Company announced the signing of a realSens™ service distribution option for the Latin American territory (which also includes Spain and Portugal) with a Mexican based natural gas service provider. The marketing by the option holder that followed this announcement resulted in initial discussions with a number of pipeline operators as well as a live demonstration near Barcelona, Spain which was attended by Spain's three largest gas companies. This process allowed the Company to test-run its international deployment processes and operating procedures and gather invaluable feedback and intelligence about foreign markets and regulations. The option agreement was due to expire on December 31, 2010, but due to the progress shown by the option holder in their marketing and customer presentation activities, a new extension agreement was signed on January 1, 2011 on a non-exclusive perpetual basis. . It should be noted that the activities related to the markets covered by this agreement are in parallel to the main customers the Company is pursuing in Canada and the US and are not core to the business plan execution over the next two years.

Customer Contracts Completion

On August 31, 2010, the Company announced a new contract with ATCO Pipelines to inspect a section of their network near the City of Calgary. This was followed up by another announcement on October 21, 2010 regarding a second contract signed with ATCO Pipelines to inspect a pipeline in the Edmonton-Hinton corridor. ATCO Pipelines operates more than 8,500 kilometers of natural gas transmission pipelines throughout the province of Alberta. Both contracts were completed during the period..

On October 22, 2010, the Company announced its largest contract to date, signed with Conoco Phillips, to survey a portion of their network in the Grande Prairie region. And finally, on November 15, 2011 a contract with Terasen Gas in British Columbia was announced. All of these contracts were completed during this reporting period..

The total number of survey kilometres flown in 2010 exceeded 2000 and a snapshot of the routes followed is presented in the picture below.



realSens™ Technology Patents

On August 6, 2010, the Corporation announced that the European Patent Office has issued a notification of its intent to grant Synodon a patent that includes 9 claims covering a combination of a Gas Filter Correlation Radiometer (“GFCR”) embodiment and its application for the detection of gas leaks from underground pipelines by sensing ethane. The novelty and advancement with respect to the GFCR relates to the inclusion of a bi-prism optical element that allows for the collocation of the two radiometer chains into one optical path. This provides significant improvements in instrument stability, reliability, noise and, most importantly, in gas detection sensitivity while costs of manufacturing and system complexity are reduced. Traditionally, pipeline leak detection was focused around measuring methane emissions, a 95% constituent of natural gas. A variety of naturally occurring methane sources always added a level of uncertainty to these measurements however, as there was no easy way to distinguish between them and the pipeline gas. The improved gas sensitivity that realSens™ achieves, makes it possible to detect ethane instead, a small constituent of natural gas and other hydrocarbon products. As there are no naturally occurring sources of ethane, the presence of this gas in the vicinity of a pipeline or oil and gas operation positively identifies a leak from these facilities without any false alarms.

On August 13, 2010, the Corporation also announced that the United States Patent Office has issued a notice of allowance for a patent that includes 9 claims covering a combination of a GFCR embodiment and its application for the detection of gas leaks from underground pipelines by sensing ethane. Similar to the patent that Synodon received from the European Union, the novelty and advancement with respect to the GFCR relates to the inclusion of a bi-prism optical element that allows for the collocation of the two radiometer chains into one optical path. This provides significant improvements in instrument stability, reliability, noise and, most importantly, in gas detection sensitivity while costs of manufacturing and system complexity are reduced.

Both patents have since been issued during the period.

realSens™ Instrument Manufacturing

The Company has been successfully operating its existing realSens™ instrument which has the capability to support upwards to 50,000 survey kilometers in a year. The expectation is that the existing instrument can service the contract work expected for the next year and a new instrument is not required at the present time. However, due to the long manufacturing and procurement time (in some cases 6 months) of some of the instrument components and as a risk management strategy, the Company is in the process of procuring the majority of these items. These, combined with the existing parts in stock, would allow the Company to quickly commission another instrument if required by customer demand or other circumstances.

Organizational Capability

The Company added more organizational capability as it continues its commercialization. In January 2011, the Company hired a Director of Business Development to support the customer acquisition efforts as well as initiate commercial discussions on the international front. .

Next Steps

The Company is focusing its efforts primarily on introducing the realSens™ service to the marketplace and acquiring customers.

Summary of Quarterly Results

Quarterly Statement of Loss	Three Months Ended							
	31/01/2011 (\$)	31/10/2010 (\$)	31/07/2010 (\$)	30/04/2010 (\$)	31/01/2010 (\$)	31/10/2009 (\$)	31/07/2009 (\$)	30/04/2009 (\$)
Net (loss) /income for the period	(\$512,967)	(\$395,419)	(\$507,643)	(\$572,517)	(\$1,012,055)	(\$334,739)	\$56,835	(\$209,396)
Loss per share (basic and diluted) (1)	(\$0.01)	(\$0.01)	(\$0.02)	(\$0.02)	(\$0.03)	(\$0.01)	\$0.00	(\$0.01)
Weighted-average shares outstanding	39,162,268	30,540,787	30,540,787	29,704,332	29,387,284	24,386,237	22,697,143	22,697,143

(1) Quarterly earnings per share are not additive and may not equal the annual earnings per share reported. This is due to the effect of shares issued during the year on the weighted average number of shares outstanding.

Selected Financial Information

Balance Sheets	January-31-11 (\$)	October-31-10 (\$)
Total assets	1,065,505	248,665
Total liabilities	314,313	878,378
Share capital	7,800,447	6,730,692
Warrants on issue of note payable	39,998	39,998
Warrants on issue of units	1,892,064	1,153,281
Contributed surplus	2,342,603	2,257,269
Deficit, at end of period	(11,323,920)	(10,810,953)

Statements of Loss and Deficit, Three-Month Periods Ended	January-31-11	January-31-10
	(\$)	(\$)
Total revenue	120,762	14,280
Cost of Goods Sold	(46,809)	(7,166)
Research and development costs, net of government assistance	(170,068)	(168,967)
Stock-based compensation expenses	(103,535)	(626,576)
Office and general administrative expenses	(209,080)	(181,252)
Sales and marketing expenses	(98,373)	(28,864)
Other revenue and expenses	(5,864)	(13,510)
Net (loss)/income for the quarter	(512,967)	(1,012,055)
Loss per share (basic and diluted)	(0.01)	(0.03)
Deficit, at end of period	(11,323,920)	(9,335,369)

Comparison of Three Month Periods Ended January 31, 2011 and January 31, 2010

Results of Operations

An operating loss of \$512,967 or \$0.01 per share was incurred for the three month period ended January 31, 2011, which compares to an operating loss of \$1,012,055 or \$0.03 per share in the corresponding period in 2010. The decrease in the operating loss is primarily attributable to a decrease in the stock based compensation expense and the revenue recognized as a result of distribution option sign up fee which are offset by slight increases in research and development, sales and marketing and office and general administrative expenses.

Gross Margin

During the three months ended January 31, 2011, the Company extended the distribution option agreement with the U.S. subsidiary of an international services company. As a result of the extension, which gave the option holder a perpetual non-exclusive option to sell the Company's pipeline leak detection services throughout Latin and South America, the Company recognized the sign-up fee of \$75,051 as revenue.

During the three months ended January 31, 2011, the Company also serviced a number of initial contracts as part of its customer acquisition effort. These contracts were typically for less than 500 kilometers and as such were meant to showcase the capability of the Company's technology. The Company expects that follow on contracts will have significantly longer survey lengths. The prices charged for these contracts were in line with ongoing Company expectations of revenue per kilometer but due to the short survey lengths, the fixed costs of mobilizing the helicopter to the locations of these projects as well as pilot training that was performed during these flights, caused an overall loss to be incurred. The foregoing paragraph contains forward-looking statements. It is qualified entirely by the section "Note Regarding Forward-looking Statements", on page 18 of this MD&A. It is also qualified by the section "Risks Relating to the Business", beginning on page 12 of this MD&A.

Research and Development Expenses

During the three month period ended January 31, 2011, gross research and development costs incurred were \$176,915 compared to \$168,325 in the corresponding period in 2010. A portion of these expenses were recovered through government assistance in each year as described below. Research and development costs, net of these government contributions, represented an expense of \$170,068 in the three month period ended January 31, 2011 and an expense of \$168,967 in the corresponding period in 2010. Research and development costs are comprised of two main categories: wages and benefits and third party subcontractors and materials.

For the three month periods ended	January-31-11 (\$)		January-31-10 (\$)	
Wages and benefits	140,768	83%	86,896	51%
Subcontractors and materials	36,147	21%	81,429	48%
Gross research and development costs	176,915	104%	168,325	100%
Add				
IERD royalty	4,602	3%	428	0%
AVAC royalty	2,301	1%	214	0%
Less				
Alberta Ingenuity funding	(13,750)	(8%)	-	0%
Research and development costs, net	170,068	100%	168,967	100%

Wages and benefits costs increased by \$53,872 in the three month period ended January 31, as compared to the corresponding period in 2010 (\$140,768 vs. \$86,896 respectively) as a result of increasing the staffing levels by three.

The subcontractor and material costs decreased because the subcontractor costs incurred in the process of completing some design refinements in 2010 were not incurred in the three months ended January 31, 2011.

Recoveries of Research and Development Expenses

On April 12, 2010, the Company was notified that it had been awarded a two year grant through the Alberta Innovates Technology Futures (“Alberta Ingenuity”) program. The grant is designed to fund research and development wages to help bring technical solutions to commercialization. The total grant of \$124,000 has two components. The first is \$110,000 to be paid in 24 monthly instalments and \$14,000 to be paid annually on April 1, 2010 and April 1, 2011. The Company recorded \$13,750 in the quarter ended January 31, 2011 as a reduction of research and development expenses and will continue to record the monies when due as a reduction of research and development expenses (2010 - \$nil).

On December 18, 2008, AVAC Ltd., through its Capacity Builder program, committed a \$1.3 million contribution to the realSens™ project. As part of the contribution, the Company signed a General Security Agreement with AVAC Ltd., giving AVAC Ltd. first right on all of the Company's assets in the event of default. The funds will be dispersed on a completed milestone basis. The contribution will be used to support the deployment of the technology into the commercial marketplace.

The funding is milestone based and is received upon successful completion of technical and marketing milestones. The contribution is repayable by way of a royalty based on 1.5% of revenue invoiced,

beginning in October 2009, up to a maximum of two times the contribution. For the three month period ended January 31, 2011, the Company owed \$2,301 in royalties (2010 - \$214).

In 2004, the Company qualified for funding under the Industry Energy Research and Development Program (“IERD”). Under this government funding program, IERD advanced to the Company an amount equal to 28% of eligible costs incurred, up to a maximum of \$600,000. The advances were non-interest bearing and only repayable at an amount of 3% of revenue invoiced in connection with the project. As at October 31, 2010, the project has been completed and all monies owing have been received by the Company, totalling \$586,437. For the three month period ended January 31, 2011, the Company owed \$4,602 in royalties [2010 – \$428].

Stock-Based Compensation Expenses

Stock-based compensation has decreased to \$103,535 in the three month period ended January 31, 2011 as compared to \$626,576 in the corresponding period in 2010. The decrease is primarily due to the issuance and immediate vesting of 1,150,000 stock options to officers of the Company in the three month period ended January 31, 2010 after cancelling 900,000 stock options to those officers that were due to expire on December 31, 2009. The issuance of stock options was exercisable at \$0.60 per option, while the cancelled options were exercisable at an average price of \$0.42 per option.

Office and General Administrative Expenses

Office and administrative expenses increased to \$209,080 in the three month period ended January 31, 2011 versus \$181,252 in the corresponding period in 2010 primarily as a result of the increases in wages, legal and professional fees, other and insurance expenses offset by a reduction in travel expense. The table below outlines the key components that comprise office and administrative expenses.

For the three month period ended	January-31-11		January-31-10	
	(\$)		(\$)	
Legal and professional fees	36,137	17%	29,280	16%
Insurance	11,929	6%	10,041	6%
Travel	10,293	5%	23,737	13%
Wages	98,412	47%	76,014	42%
Rent and utilities	24,993	11%	24,866	13%
Other	27,316	15%	16,714	10%
Total	209,080	100%	180,652	100%

Other expenses have increased as a result of initiating a new pilot training program to increase the effectiveness of pilots flying the Company’s technology and a strategic planning offsite that was held in the November 2010.

Insurance expense increased in the three month period ended January 31, 2011 as a result of increasing the insurance coverage related to the increase in shipping and flying of the realSensTM instrument. The increased insurance expenses are expected to be incurred on an annual basis as the Company does more flights. The foregoing sentence contains forward-looking statements. It is qualified entirely by the section

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Wages expense has increased as a result of increased volume of work related to revenue flights performed in the three months ended January 31, 2011. Travel expenses have decreased as a result of not as many trips taken in the three month period ended January 31, 2011 that were not in support of the Company’s customer acquisition strategy or revenue generating activities.

Legal and professional fees expense has increased as a result of costs incurred in 2011 for patent filings.

Sales and Marketing Expenses

For the three month period ended	January-31-11		January-31-10	
	(\$)		(\$)	
Product Marketing Costs	23,011	23%	1,838	6%
Travel	6,512	7%	308	1%
Wages	31,441	32%	6,930	24%
Investor Relations	16,839	17%	19,788	69%
Business Development	20,570	21%	-	0%
Total	98,373	100%	28,864	100%

Sales and marketing expenses were \$98,373 for the quarter ended January 31, 2011 compared to an expense of \$28,864, in the same corresponding period last year. The increase in expenses is due to the costs associated with the salary and expenses of a Vice President of Sales who was hired in January 2010 and an increase in business development activities in the three months ended January 31, 2011 as part of the Company’s customer acquisition strategy. This was offset by a decreasing in the amount of investor relations activity in the three months ended January 31, 2011 compared to the corresponding period in 2010. Sales and marketing costs are expected to continue to become more significant as the Company moves forward. The foregoing sentence contains forward-looking statements. It is qualified entirely by the section “Note Regarding Forward-looking Statements”, on page 18 of this MD&A. It is also qualified by the section “Risks Relating to the Business”, beginning on page 12 of this MD&A.

Other Expenses

Foreign exchange movements during the quarter resulted in a loss of \$2,340 in the three month period ended January 31, 2011 versus a loss of \$1,139 in the corresponding period last year. The loss was as a result of a 6% decrease in the US dollar relative to the Canadian dollar and an increase in the US denominated cash balance relative to the quarter’s opening balance. There was a decrease of approximately \$68,000 in U.S. denominated purchases made in the quarter that were payable as at January 31, 2011.

The financing charges and interest expense decreased by \$10,695 in the three month period ended January 31, 2011 versus the corresponding period last year. The Company paid off all overdue balances due to suppliers with the proceeds of the October 2009 private placement in 2010.

Comparison of Balance Sheets Dated January 31, 2011 and October 31, 2010

Total Assets

The increase in total assets as of January 31, 2011 of \$ 816,840 was primarily due to the closing of the private placement on November 9, 2010 as cash increased to \$926,787 and current deferred charges related to legal costs incurred in fiscal year 2010 (\$19,727) related to the private placement were recognized. All of the unbilled revenue was also billed in the three months ended January 31, 2011 (October 31, 2010 - \$32,610).

Total Liabilities

The decrease of \$564,065 in liabilities from \$878,378 at October 31, 2010 to \$314,313 at January 31, 2011 was due to the payment of overdue liabilities with the proceeds of the private placement that closed on November 9, 2010 and the recognition into revenue of the deposit on distribution rights option into revenue. The \$314,313 balance is comprised of current trade payables and accrued liabilities.

Capital Resources and Liquidity

The Company's financial statements have been prepared by management in accordance with Canadian GAAP on a going concern basis which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future.

The Company has incurred significant losses since incorporation and as at January 31, 2011, the Company has an accumulated deficit of \$11,323,920. The Company's ability to continue as a going concern is dependent upon achieving profitable operations, the continued financial support of its investors and the ability to obtain additional debt or equity financing. The outcome of these matters cannot be predicted at this time. The Company completed a brokered private placement in November 2010 (details below). The foregoing paragraph contains forward-looking statements. It is qualified entirely by the section "Note Regarding Forward-looking Statements", on page 18 of this MD&A. It is also qualified by the section "Risks Relating to the Business", beginning on page 12 of this MD&A.

Funds provided (used) in operations, being net loss adjusted for non-cash operating items, was \$405,649 for the three month period ended January 31, 2011 compared to \$383,543 for the corresponding period in 2010. The Company believes that funds used in operations, which does not have a standardized meaning under GAAP, is a useful supplemental measure as it provides an indication of cash flow used in our operations during the quarter. This non-GAAP measure may not be comparable to similar measures presented by other companies.

A reconciliation of cash used in operating activities to funds used in operations for the three months ended January 31 is as follows:

	January-31-11	January-31-10
	\$	\$
Cash used in operating activities	(898,892)	(599,704)
Add (deduct) changes in non-cash operating working capital	493,243	216,161
Funds used in operations	(405,649)	(383,543)

On April 12, 2010, the Company was notified that it had been awarded a two year grant through the Alberta Innovates Technology Futures ("Alberta Ingenuity") program. The grant is designed to fund

research and development wages to help bring technical solutions to commercialization. The total grant of \$124,000 has two components. The first is \$110,000 to be paid in 24 monthly instalments and \$14,000 to be paid annually on April 1, 2010 and 2011. The Company recorded \$13,750 for the three months ended January 31, 2011, as a reduction of research and development expenses and will continue to record the monies when received as a reduction of research and development expenses.

On November 9, 2010, the Company closed its brokered private placement for gross proceeds of \$2,000,000. The closing was comprised of 9,523,810 "Units" at \$0.21 per Unit. The Units are comprised of one Class A common share (a "Share") and one-half of one Share purchase warrant. Each whole warrant (a "Warrant") entitles the holder to purchase one Share of the Corporation at an exercise price of \$0.30 per Share until November 9, 2012.

The Warrants are subject to an accelerated exercise provision pursuant to which, in the event that the volume weighted average closing price of the Class A common shares, as traded on the TSX Venture Exchange, equals or exceeds \$0.50 per Share for a period of 20 consecutive trading days, then the Warrants must be exercised or will expire 30 calendar days after the notice of such event is mailed to the warrant holders.

The Shares and Warrants comprising the Units are subject to a four month statutory hold period which expires on March 10, 2011.

Synodon issued 625,000 broker warrants (the "Broker Warrants") and paid cash commissions totalling \$135,188 in connection with the sale of the Units. Each such Broker Warrant entitles the holder to subscribe for one Share and one-half of one Warrant of the Corporation at a price of \$0.21 for a period of two years from the date of issue. Each whole Warrant will entitle the holder to purchase one Share at a price of \$0.30 per Share until November 9, 2012. The Warrants underlying the Broker Warrants are not subject to an acceleration provision.

Related Party Transactions

There were no related party transactions in either the three months ended January 31, 2011 or 2010.

Outstanding Share Data

As at March 24, 2011, there were 40,164,597 Class A common shares issued and outstanding, as well as 3,790,000 options and 9,823,008 warrants to purchase Class A common shares.

Subsequent Events

There are no subsequent events for the three month period ended January 31, 2011.

Risks Relating to the Business

Reliance on Third Parties

The Company has entered into contracts with certain third parties for the manufacture and enhancement of its products. Thus, the Company is dependent on the financial health and ongoing operational capabilities of these third parties for its own success. The Company may experience a delay in commercialization and a decline in revenues and profitability may be impacted if its manufacturing needs cannot be met.

Failure to Provide Adequate Service

The Company's ability to provide quality service and to meet the demand for its services depends upon its ability to retain an adequate number of trained personnel. The Company operates in an industry characterized by highly competitive labour markets and, similar to many of its competitors, it may experience high employee turnover. It is possible that the Company's labour expenses may increase due to a shortage in the supply of skilled field technicians and the Company's efforts to reduce employee turnover. The Company cannot be certain that it will be able to improve its employee retention rates or maintain an adequate skilled labour force necessary to operate efficiently and to support its growth strategy. Failure to do so could impair its ability to operate efficiently and to retain current customers and prospective customers, which could cause the Company's business to suffer materially.

Failure to Manage Growth Successfully

The Company's growth will place demands on its managerial and operations resources. If the Company is unable to manage its growth effectively, this could have a material adverse effect on its financial condition and the results of its operations.

Dependence on Key Employees

The success of the Company is dependent upon the retention of certain key executives and employees. Specifically, the Company's continued success and future development of its technology is dependent on Dr. Boyd Tolton who is the inventor of the Company's realSens™ technology. The future success of the Company will be dependent upon the Company's ability to attract and retain additional qualified personnel to manage the daily operations of the Company as well as identify, investigate and negotiate future acquisitions and manage, oversee and staff acquired operations.

Litigation

The Company may be involved in disputes with other parties in the future, which may result in litigation. If the Company is unable to resolve these disputes favourably, its business may be materially and adversely affected.

Intellectual Property

The Company's success will depend, in part, on its ability to obtain valid patents, maintain trade secret protection and operate without infringing on the proprietary rights of third parties or having third parties circumvent the Company's rights. The patent positions of technology companies can be highly uncertain and involve complex legal and factual questions. Thus, there can be no assurance that any patent applications made by or on behalf of the Company will result in the issuance of patents, that the Company will develop additional proprietary products that are patentable, that any patents issued or licensed to the Company will provide the Company with any competitive advantages or will not be challenged by any third parties, that the patents of others will not be able to circumvent the patents assigned or licensed to the Company. Furthermore, there can be no assurance that others will not independently develop similar products, duplicate any of the Company's products or, if patents are issued and licensed to the Company, design around the patented products developed for the benefit of the Company.

To date, the Company is unaware of infringement claims made or being made against it. As the development of its products continue and increase, the potential uses of its products may overlap with other products and, as a result, may increasingly become subject to claims of infringement. There can be no assurance that third parties will not assert infringement claims against the Company in the future or

require the Company to obtain a license for the intellectual property rights of third parties. There can be no assurance that such licenses, if required, will be available on reasonable terms, or at all. If the Company does not obtain such licenses, it could encounter delays in the introduction of products or could find that the development, manufacture or sale of products requiring such licenses could be prohibited. In addition, the Company could incur substantial costs in defending itself in suits brought against the Company on patents it might infringe on, or in filing suits against others to have such patents declared invalid.

The Company's has know-how and technology that is not currently patented. To protect its rights, the Company will require employees, consultants, advisors and collaborators to enter into confidentiality agreements. There can be no assurance, however, that these agreements will provide meaningful protection for the Company's trade secrets, know-how or other proprietary information in the event of any unauthorized use or disclosure.

Litigation may be necessary to enforce patents issued or assigned to the Company, or to determine the scope and validity of a third party's proprietary rights. The Company could incur substantial costs if litigation is required to defend itself in patent suits brought by third parties, or if the Company initiates patent suits or participates in such suits brought against or initiated by its subsidiaries or collaborators, and there can be no assurance that funds or resources or collaborators would prevail in any such action. An adverse outcome in litigation or in an interference or other proceeding in a court or patent office could subject the Company to significant liabilities, require disputed rights to be licensed from other parties or require the Company to cease using certain technology or products, and of which may have a material adverse effect on the Company.

Limited Operating History

The Company was founded in August 2000 and has been focusing its activities at developing its realSens™ technology. Accordingly, there is a limited operating history upon which to base an evaluation of the Company and its business and future prospects. In addition, the Company has a limited history of generating revenue or track record of selling its services. The Company's business and prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly companies in new and rapidly evolving markets. There can be no assurance that Synodon will be successful in doing what is required to address such concerns.

Product Testing

There have been a number of tests performed by the Company that have demonstrated the technology's ability at detecting natural gas remotely and at fulfilling the requirements of the target customer base, no independent party has verified the efficacy or accuracy of such test results. The Company may consider such third party verification in the future either through a specific test protocol or by way of increased customer adoption.

Customer Retention

The Company anticipating multi-year contracts with existing and future customers. To the extent that the Company is unable to sign these types of contracts, its business, operating results, and financial condition could be materially adversely affected.

International Sales

Sales outside of Canada are anticipated to represent a substantial portion of the Company's total gross revenues. Management believes that for the Company to grow and become profitable, it will require sales in foreign markets. To the extent that the Company is unable to expand international sales in a timely and cost-effective manner, its business, operating results, and financial condition could be materially adversely affected. In addition, even with the successful recruitment of such additional personnel and international resellers, there can be no assurances that the Company will be successful in maintaining or increasing international market demand for its products.

Currency Risk

A substantial portion of the Company's revenue is expected to be realized in currencies other than Canadian dollars. Fluctuations in the exchange rate between the Canadian dollar and such other currencies may have a material effect on the Company's results of operations. To the extent the Company may seek to implement substantial hedging techniques in the future with respect to its foreign currency transactions, there can be no assurances that the Company will be successful in such hedging activities.

Need to Enhance Management Systems

The Company anticipates a period of significant growth in personnel that in time will place strain upon its management systems and resources. In addition, as the Company experiences the anticipated growth in sales, the Company will be required to continue to improve its financial and management controls, reporting systems and procedures on a timely basis and to expand, train and manage its employee work force. There can be no assurances that the Company will be able to effectively manage such growth. The Company's failure to do so could have a material adverse effect upon its business, operating results, and financial condition.

Negative Cash Flow and Absence of Profits

The Company has not earned profits to date and has incurred significant losses through its product development phase. There are no assurances that it will earn profits in the future, or that profitability, if achieved, will be sustained. A significant portion of the Company's financial resources have been, and will continue to be, directed to the development of its products and services and marketing activities. The success of the Company will ultimately depend on its ability to generate revenues from its operations, such that the business development and marketing activities may be financed by revenues from operations instead of external financing. There are no assurances that future revenues will be sufficient to generate the required funds to continue the business development and marketing activities.

Additional Financing

Additional financing is required to fund the Company's operations, further research and development activities, costs of commercializing the Technology as well as capital requirements for future growth through acquisitions. There can be no assurance that such financing will be available on reasonable terms, or at all, to meet future requirements. If any such additional financing is obtained, it could entail a dilution of the net tangible book value of the common shares. If additional financing is not available, the Company may be required to curtail its activities and may not be able to continue in business. The current economic climate is an additional risk and may have an impact on the Company's ability to raise future financings.

Disclosure Controls and Procedures

Management is responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the Company. Based on an evaluation of the Company's disclosure controls and procedures as of the end of the period covered by this MD&A, the management of the Company believe that the current policies and procedures are effective in providing reasonable assurances that material items requiring disclosure are identified and reported in a timely manner.

Internal Controls over Financial Reporting

Internal controls over financial reporting ("ICFR") are designed to provide reasonable assurances regarding the reliability of the Company's financial reporting and its preparation of financial statements for external purposes in accordance with Canadian GAAP. Management has identified certain areas where it can enhance process controls, such as a lack of segregation of duties because of limited staff resources, and intends to incorporate such enhancements into the ICFR over the next twelve months. However, the Company believes that these control weaknesses have not caused any material information to be withheld in its financial disclosure, or impacted reported financial results.

Critical Accounting Estimates

In preparing the Company's financial statements in conformity with Canadian GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Critical accounting estimates identified by management include the amount of development expenditures expensed as opposed to capitalized; revenue, the fair value of common share options, common share purchase warrants and other stock based payments; and the income tax valuation allowance.

All costs of research activities are expensed in the period in which they are incurred. Development costs are charged as an expense in the period incurred unless a development project meets criteria for cost deferral and amortization. The Company assesses whether these costs have met the relevant criteria for deferral and amortization at each reporting date. No development costs have been deferred to date.

Revenue is recognized on a percentage of completion basis. Contract revenue is recognized on the ratio of completed hours spend to estimated total hours for each contract. Unbilled revenue represents the revenue recognized on a percentage of completion basis for contracts in process. Provisions for estimated losses on all incomplete contracts are made in the period in which such losses are determined. Because the percentage of completion basis is based on management's best estimate of the total estimated costs to complete each contract, it is possible that changes in future conditions could require a material change in the recognized amounts.

An estimate is made of the cost of the Company's stock-based compensation, warrants and other stock-based payments made. The Company has adopted the Black-Scholes model for its fair value based method of accounting for stock options and warrants. Option-pricing models require the input of highly subjective assumptions including expected volatility, life of the option and number of options that will ultimately vest. Changes in assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options and warrants at the date of grant.

With respect to income taxes, the Company has a net tax benefit resulting from non-capital losses carried forward, pools of scientific research and experimental development expenditures and investment tax credits. In view of the Company's losses since inception and expected future losses, we believe that it is unlikely that these tax assets will be realized in the foreseeable future; and hence, a full valuation

allowance has been recorded against these income tax assets. Accordingly, no future income tax assets are recorded on the balance sheets.

Financial Instruments

Fair Value

Canadian GAAP requires that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and deposit on distribution rights. The Company estimates that the fair value of these financial instruments approximate their carrying values due to the relatively short periods to maturity of these instruments.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements

CHANGES IN ACCOUNTING POLICIES

Equipment

Equipment is recorded at cost less accumulated amortization. Management assesses the carrying value of all equipment using its best estimate of undiscounted future cash flows whenever conditions arise which could indicate a possible impairment. Any impairment is recognized when it is identified and is measured by the amount by which the carrying value of the asset exceeds its estimated fair value.

Amortization is provided over the estimated useful lives of the assets and commences when assets are available for use, using the following methods and rates with half-year amortization provided in the year of acquisition:

Computer equipment	3 years straight-line
Laboratory equipment	20% declining balance
Furniture and fixtures	20% declining balance
RealSens instrument	10% declining balance

Intangible assets

Intangible assets are recorded at cost less accumulated amortization. Management assesses the carrying value of all fixed lived intangible assets using its best estimate of undiscounted future cash flows whenever conditions arise which could indicate a possible impairment. Any impairment is recognized when it is identified and is measured by the amount by which the carrying value of the asset exceeds its estimated fair value.

Amortization is provided over the estimated useful lives of the assets using the following method and rate with half-year amortization provided in the year of acquisition:

Computer software	3 years straight-line
RealSens software	3 years straight-line

Revenue recognition

The Company's services are generally sold based upon purchase orders or contracts with customers that include fixed or determinable prices based upon kilometres surveyed. Revenue is recognized on a percentage of completion basis as the ratio of completed hours spent to estimated total hours for each contract. Unbilled revenue represents the revenue recognized on a percentage of completion basis for contracts in process. Provisions for estimated losses on all incomplete contracts are made in the period in which such losses are determined. The percentage of completion basis is based on management's best estimate of the total estimated costs to complete each contract, it is therefore possible that changes in future conditions could require a material change in the recognized amounts.

The Company recognizes revenue on distribution rights options at the expiry of the term of the option. Up until that point, the amounts are carried as deposits on distribution rights options on the balance sheet.

International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board confirmed that Canadian public companies will be required to adopt International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011. The Company commenced its conversion project in 2009 and is in the process of implementing the project plan that will enable the Company to begin reporting its consolidated financial statements in accordance with IFRS on a comparative basis beginning November 1, 2011. The IFRS conversion project consists of three phases: scoping and diagnostic; analysis and development; and implementation and review.

The first phase, which has been completed, involved project planning, a high level review of key accounting policy differences between Canadian GAAP and IFRS, as well as determining policy choices and elections allowed under IFRS. The areas identified to have the highest potential to significantly impact the Company are stock based compensation, property, plant and equipment, intangible assets, the process for testing impairment of assets, and initial adoption of IFRS under the provisions of IFRS 1 "First Time Adoption of IFRS". The second phase, which involves detailed analysis and evaluation of options available under IFRS, the financial impact of these options, and the impact on internal controls over financial reporting is in progress. Policy choices are currently being reviewed and it is expected that the determination of policy choices will be completed in the third quarter of 2011.

Until the analysis is fully completed, the impact on the Company's future results of operations and financial position is not determinable. The Company anticipates that there will be a significant increase in disclosure resulting from the adoption of IFRS. The Company also expects the transition to IFRS to impact financial reporting, business processes, internal controls and information systems.

Note Regarding Forward-Looking Statements

This MD&A includes forward-looking statements about Synodon Inc., including its business operations, strategy and expected financial performance and condition. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as 'expects', 'anticipates', 'intends', 'plans', 'believes' or negative versions thereof and similar expressions. In addition, any statements that may be made concerning future financial performance, ongoing business strategies and prospects, and possible future action on the Company's part, are also forward-looking statements that reflect our current beliefs and are based on information currently available to us and on assumptions that we believe are reasonable. These assumptions include, but are not limited to, the readiness of the realSens™ technology to commercialize by the end of 2010 and the Company's ability to predict market demand for our products and services. Actual results and developments may differ materially from the results and developments discussed in the forward-looking

statements as they are subject to a number of significant risks and uncertainties which can be beyond our control; which include, but are not limited to, general economic conditions in the countries that the Company is pursuing contracts in, currency fluctuations and other changes in the competitive environment that Synodon operates. For more information, please see the discussion on the principal risks that could affect our results under section “Risks Relating to the Business”, beginning on page 12 of this MD&A. The reader is cautioned to consider these and other factors carefully and not place undue reliance on forward-looking statements. We are under no obligation (and expressly disclaim such obligation) to update or alter the forward-looking statements whether as a result of new information, future events or otherwise unless otherwise required by applicable securities legislation.