

PACIFIC HARBOUR CAPITAL LTD.
Management Discussion and Analysis
QUARTER END REPORT – June 30, 2010

This Management's Discussion and Analysis of Pacific Harbour Capital Ltd. provides analysis of Pacific Harbour Capital Ltd's financial results for the first quarter ended June 30, 2010. The following information should be read in conjunction with the accompanying unaudited interim consolidated financial statements as at June 30, 2010 and the March 31, 2010 audited financial statements and the notes to the audited financial statements.

1.1 Date of Report: August 26, 2010

1.2 Overall Performance

Nature of Business and Overall Performance

Pacific Harbour Capital Ltd. ("the Company") was incorporated under the British Columbia Business Corporation Act. Its common shares are publicly traded on the TSX Venture Exchange and the OTC Bulletin Board. Pacific Harbour Capital Ltd. is based in Vancouver, British Columbia, Canada and is in the business of providing administrative services and rent to public companies. It is also actively searching for other business opportunities.

During the first quarter ended June 30 2010, the Company did not invest or dispose of any marketable securities or investment. As of June 30, 2010, the Company continued to hold marketable securities of \$15,250 at fair market value and \$100,056 investments at cost.

During the quarter ended June 30, 2010, the Company completed a non-brokered private placement for a total of 40 million units at a price of \$0.075 per unit for gross proceeds of \$3,000,000. Each unit consisted of one common share and one transferable share purchase warrant exercisable into one share at a price of \$0.10 per share for a period of two years following issuance. Proceeds of the private placement are intended to be used for working capital and possible future asset acquisition.

For the first quarter ended June 30, 2010, the Company reported a net loss of \$67,604 or \$0.01 loss per share and with accumulated deficit of \$7,787,097 since inception. Management continues to search and identify potential business ventures and investments in order to improve operations and become profitable.

As of June 30, 2010, the Company had cash and cash equivalents of \$3,123,831 and working capital of \$3,113,077. The Company had no long-term debt.

1.3 Results of Operations For the First Quarter and Ended June 30, 2010 and 2009

General and Administrative Expenses

General and administrative expenses for the three months ended June 30, 2010 were \$63,709 as compared to \$58,676 for the same period in 2009. General and administrative expenses remained fairly consistent for both periods.

Income or loss before discontinued operations and extraordinary items:

	Q2 Sept 30, 2008	Q3 Dec 31, 2008	Q4 Mar 31, 2009	Q1 June 30, 2009	Q2 Sept 30, 2009	Q3 Dec 31, 2009	Q4 Mar 31, 2010	Q1 June 30, 2010
Total	\$(92,114)	\$(64,641)	\$(49,533)	\$(49,733)	\$(57,470)	\$(55,345)	\$(91,190)	\$(67,604)
Per Share	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)
Per Share Fully Diluted	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)

Net income or loss:

Total	\$(92,114)	\$(54,641)	\$(49,533)	\$(49,733)	\$(57,470)	\$(55,345)	\$(91,190)	\$(67,604)
Per Share	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)
Per Share Fully Diluted	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)

General Discussion of Quarterly Results

Income and loss

Significant changes in key financial data for net income or loss during the quarters are as follows:

In the second quarter ended September 30, 2008, promotion expense and unrealized loss on marketable securities increased quarterly loss slightly higher for the quarter.

In the fourth quarter ended March 31, 2010 net loss of \$91,190 was higher than other quarters due to audit fee accrual and various year end adjustments.

1.6 Liquidity and Capital Resources

Working capital increased by \$2,902,286 from \$210,791 as of March 31, 2010 to \$3,113,077 as at June 30, 2010. The increase was primarily attributable to the completion of a \$3,000,000 private placement in the quarter.

For the first quarter ended June 30, 2010, cash used in operating activities was \$39,628 from operations as compared to \$47,682 from the comparable quarter last year. From an operating

standpoint, the Company continues to finance its operations from proceeds generated from sale of marketable securities and investments to remedy operating deficiency. Continued operations of the Company are dependent on the Company's ability to complete additional equity financings or generate profitable operations in the future. There is no assurance that the Company will be successful in achieving these objectives.

During the quarter ended June 30, 2010, the Company completed a non-brokered private placement from issuance of 40 million units at \$0.075 per unit for gross proceeds of \$3,000,000. The Company incurred \$30,710 in share issue costs and received net proceeds of \$2,969,290.

The Company did not engage in any investing activity in both the current and comparable quarter last year. Overall, the Company had net cash inflow of \$2,929,662 for the quarter.

1.7 Off-Balance Sheet Arrangements

The Company has no material off-balance sheet arrangement such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations and any obligations that trigger financing, liquidity, market or credit risk to the Company.

1.8 Contractual Obligations and Commitments

On June 30, 2010, the Company had no long-term debt, capital lease obligations, purchase obligations and contractual obligations and commitments. The Company, however, has an operating lease commitment for office space until January 31, 2011. Estimated future minimum payments under the lease are \$50,070.

1.9 Financial instruments and Risk Factors

The principal financial instruments used by the Company are as follows:

- Cash and cash equivalents
- Marketable securities
- Investments
- Trade accounts payable and accrued liabilities
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The Company has exposure to liquidity risk and market risk as a result of its use of financial instruments.

Liquidity Risk

Liquidity risk is the risk that the Company will have sufficient cash resources to meet its financial obligations as they come due. The Company's policy is to ensure that it will have sufficient cash to meet its liabilities when they become due. To achieve this objective, the Company seeks to maintain positive working capital at all times and maintain a current ratio of at least 2:1.

The Company generates cash flow primarily from its financing activities and proceeds from the disposition of its investments. The Company anticipates that it will have adequate liquid resources to meet its obligations under reasonably expected circumstances for the next 12 months.

Market Risk

Market risk is the risk that the fair market value of the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates and equity and commodity prices. The Company is exposed to market risk in trading its marketable securities and investments. The Company manages market risk by investing in diverse industries and issuers. The Company also has set thresholds on purchases of investments.

The Company invests surplus cash in fixed rate term deposit. It is the Company's policy to reduce interest rate risk over future cash flows through the use of fixed rate instruments.

1.10 International Financial Reporting Standards ("IFRS")

In February 2008, the CICA Accounting Standards Board ("AcSB") confirmed the changeover from Canadian Generally Accepted Accounting Principles ("GAAP") to International Financial Reporting Standard ("IFRS") for publicly accountable enterprises for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition from current Canadian GAAP to IFRS for fiscal year beginning April 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended March 31, 2011.

The Company completed a preliminary IFRS transition assessment and has identified the following key areas of potential difference with respect to the accounting for:

1. Presentation of financial statements

The adoption of IFRS will require significant additional disclosures and various changes to presentation and terminology.

2. Share based payments

Stock based compensation is largely consistent with Canadian GAAP. For stock options that vest in instalments, IFRS 2 requires the Company to determine the fair value of each instalment as a separate share option grant. The Company is also required to make an estimate of the forfeiture rates for the use in determining the total share based compensation expense.

3. Property, plant and equipment

Under IFRS, property, plant and equipment ("PP&E") can be measured at fair value or at cost and revaluation is allowed. The Company will be required to apply componentization concept to significant parts of an asset and account for each component separately when the components have different useful lives.

Based on the work completed to-date, the most significant differences between IFRS and Canadian GAAP are expected to be on financial presentation and disclosure. No material quantitative difference has been identified.

1.11 Disclosure Controls and Procedures and Internal Controls over Financial Reporting

As the Company is classified as a Venture Issuer, it is required to file basic Chief Executive Officer and Chief Financial Officer Certificates. The Company makes no assessment relating to the establishment and maintenance of disclosure controls and procedures as defined under Multilateral Instrument 52-109.

Management has exercise care and diligence to ensure that there are appropriate information systems and controls in place to ensure that the financial reporting is complete and reliable. Due to the small size of the Company, management tries to perform frequent and periodic reviews of all activities in order to mitigate the lack of segregation of duties that is a common risk factor for small venture issuers.

1.12 Newly Adopted Accounting Policies

CICA Handbook Section 3862-“Financial Instruments Disclosure” requires an entity to classify fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value. The levels and inputs which may be used to measure fair value are as follows:

1. Level 1- Applies to assets and liabilities for which there are quoted prices in active markets for identical assets and liabilities.
2. Level 2- Inputs other than quoted prices that is observable for the assets or liability either directly or indirectly.
3. Level 3- Applies to assets and liabilities for inputs that are not based on observable market data.

The Company’s financial assets measured in fair value consist of cash and cash equivalents and marketable securities are classified in accordance with Level 1 inputs.

1.13 Recent Accounting Pronouncements Not Yet Adopted

Business Combinations

In January 2009, CICA issued Handbook Section 1601, Consolidated Financial Statements, which establishes standards for the preparation of consolidated financial statements and will replace the existing Handbook Section 1600, Consolidated Financial Statements. The new standard is effective for interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year in which case an entity would also early adopt Handbook Section 1582 Business Combinations, and Handbook Section 1602, Non-Controlling Interests. Management does not expect that the adoption of this new standard will have significant impact on the Company’s financial statements.

In January 2009, CICA issued Handbook Section 1602, Non-Controlling Interests, which establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS 27, Consolidated and Separate Financial Statements.

The new standard is effective for interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. Management does not expect that the adoption of this new standard will have significant impact on the Company's financial statements.

1.14 Share Capital Outstanding

Authorized Capital

100,000,000 common shares without par value

100,000,000 preferred shares without par value

Issued and outstanding

47,247,703 common shares as at June 30, 2010

1.15 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 of the Company to be materially different from any future results, performance expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.