

MANAGEMENT DISCUSSION AND ANALYSIS

To the Shareholders of StonePoint Global Brands Inc.:

INTRODUCTION

This Management Discussion and Analysis (“MD&A”) provides a detailed analysis of the business of StonePoint Global Brands Inc. (“StonePoint” or the “Company”) and compares its financial results for the year ended December 31, 2006 to the previous year. This MD&A should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2006. The Company’s reporting currency is the United States dollar and all amounts in this MD&A are expressed in United States dollars. The Company reports its financial position, results of operations and cash-flows in accordance with Canadian generally accepted accounting principles. This MD&A is made as of April 26, 2007.

This MD&A contains certain statements that may constitute “forward-looking statements”. Forward-looking statements include but are not limited to, statements regarding future anticipated business developments and the timing thereof, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company’s ability to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

Additional information relating to the Company can be located on the SEDAR website at www.sedar.com.

OVERALL PERFORMANCE

- Beverage sales for the year ended December 31, 2006 represent a 97.5% increase over 2005 in case volume.
- The Company’s exports have increased due to increased capacity being brought on-line and new business initiatives. Management expects strong growth for 2007. The Company has engaged additional consulting assistance to facilitate this process, which is reflected in higher general and administrative costs.
- The Company is now focused on growing its enhanced beverage line (utilizing the Life O2 patent and technology acquired in 2003) and developing and deploying brands in higher margin categories which are well suited for the Company’s experience and contacts. These categories include premium bottled water, nutraceutical beverages, wine and consumer brand programs for the hospitality industry.
- During the year, the Company incorporated a Nevada subsidiary and commenced the operations of its hospitality business. (see segment information below)
- In addition to marketing its own brands and technology, the Company’s success has attracted many third party brand opportunities. The Company is utilizing its experience and contacts to assist other companies with their global expansion.

SELECTED FINANCIAL INFORMATION

	December 31, 2006	December 31, 2005	December 31, 2004
All figures in U.S Dollars	<u>Annual</u>	<u>Annual</u>	<u>Annual</u>
<i>(Selected items only)</i>			
Sales	\$ 6,410,836	\$ 3,141,945	\$ 2,632,613
Cost of sales	<u>4,816,076</u>	<u>2,351,845</u>	<u>1,907,183</u>
Gross profit	1,594,760	790,100	725,430
<i>Gross profit %</i>	24.9%	25.1%	27.5%

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Royalties		107,000	88,938	2,588
Selling, general and administrative expenses		2,742,081	1,447,712	771,802
Other items:				
Interest and renewal fee income (note receivable)		4,459	53,351	21,000
Gain on sale of equipment / debt settlement		-	11,307	9,292
Write-down of note receivable		(35,338)	(68,134)	-
Write-down of intangible assets		(149,751)	-	(32,628)
Income (loss) before income taxes		(1,220,951)	(572,150)	(46,120)
Income taxes		(12,997)	(18,908)	-
Income (loss) for the period		\$ (1,233,948)	\$ (591,058)	\$ (235,740)
Income (loss) per share – basic		\$ (0.12)	\$ (0.11)	\$ (0.05)

The table above presents the Company's results of operations for each of its last three fiscal years.

All figures in U.S. Dollars	December 31, 2006	December 31, 2005	December 31, 2004
<i>Balance sheet data (selected items only):</i>			
Assets			
Cash and equivalents	\$ 1,066,691	\$ 356,544	98,595
Receivables	140,426	207,676	149,549
Prepaid expense	86,479	-	-
Note receivables - total	542,547	285,880	381,500
Intangible assets, royalty rights, deferred financing costs	103,012	47,879	159,716
Equipment	236,074	2,949	1,018
Liabilities / equity			
Notes payable	700,210	390,390	143,578
Other current liabilities	630,438	414,209	412,251
Shareholders' equity	849,628	96,329	234,549
Working capital (deficiency)	\$ 296,111	\$ (50,379)	73,815
Average shares outstanding - basic	10,526,952	5,424,436	4,398,539

The above data shows a return to a positive working capital position, due to a return to equity financing instead of the exclusive use of debt instruments. Since the Company's capital re-organization in 2005, equity financing has raised \$1,771,328 (2005 - \$286,025). Debt financing totaled \$309,774 (2005 - \$234,209) net of repayments.

The Company's financial statements are prepared in accordance with Canadian generally accepted accounting principles, and include the accounts of the Company and its wholly owned subsidiaries expressed in United States dollars. All foreign currency amounts are converted into United States dollar equivalents using the current rate method as explained in the notes accompanying the Company's audited annual financial statements.

RESULTS OF OPERATIONS

Revenues are comprised primarily of international (beverage) sales of \$6,410,836 and royalties derived from its enhanced beverage line of \$107,000 for 2006 compared with \$3,141,945 and \$88,938 for 2005. The year over year increase is due to an increased case volume (97.5%) and a price increase in Q3 of 2005. Gross profit on sales was down slightly to 24.9 % (2005 – 25.1%) due primarily to an increase in freight costs resulting from the rise in oil prices. Hospitality sales and gross profit were not a material component thereof (see separate section below).

We have deferred \$103,012 of business development costs relating to our hospitality segment, where we anticipate more significant revenues to begin in Q1 of 2007. Amortization of these deferred costs will commence at that time. Amortization of previously deferred costs (related to different projects) amounted to \$43,687 for the year (2005 - \$102,508), together with a valuation write-down of \$149,751 (2005 - \$Nil).

Total SG&A expense for the year (\$2,742,081) is higher than 2005 (\$1,447,712) as a result of:

International (beverage) segment

- Design and marketing declined by 11% to \$146,651 due to re-focusing of available resources to our emerging hospitality segment;
- Consulting amounted to \$485,368 (2005 - \$338,509) due to an increased focus on business development and quality control;
- Foreign exchange expense increased as a result of holding US dollar balances and a strengthening Canadian currency;
- Increased interest expense due to additional notes payable;
- Higher professional fees pertaining to financings and new business initiatives;
- Higher travel costs resulting from increased business development efforts.
- Increased rent as a result of a move to more suitable premises;
- Stock based compensation expense related to the fair value of stock option grants, which exceeded 2005 calculations due to share price volatility;

Hospitality segment

- Costs associated with hospitality business segment which amounts to \$794,569 (\$98,099 – consulting, \$401,936 – business development, \$64,960 – wages, \$137,516 – design, being the major categories)
- See separate section below relating to this new business initiative.

Interest income on the note receivable was lower due to repayments made by the borrower.

QUARTERLY FINANCIAL INFORMATION

<i>Selected data only:</i>	December, 2006	September, 2006	June, 2006	March, 2006
Sales and royalties	\$ 818,094	\$ 2,505,042	\$ 2,144,412	\$ 1,050,288
Gross profit	175,375	616,384	607,915	302,086
Gross profit %	21.4%	24.6%	28.3%	28.7%
SG&A expense	1,263,541	688,229	490,849	299,462
Net income (loss)	(1,263,870)	(94,227)	119,002	5,147
Per common share - basic	\$ (0.12)	\$ (0.01)	\$ 0.01	\$ 0.00

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	December, 2005	September, 2005	June, 2005	March, 2005
Sales and royalties	\$ 776,875	\$ 997,866	\$ 961,801	\$ 530,485
Gross profit	255,803	269,164	227,437	126,634
Gross profit %	25.1%	26.0%	23.6%	26.0%
SG&A expense	498,064	344,093	326,258	279,297
<i>Net continuing operations</i>	(270,957)	(117,503)	(59,560)	(143,038)
Discontinued operations	-	-	-	-
Net income (loss)	(270,957)	(117,203)	(59,560)	(143,038)
Per common share – discontinued operations		-	-	-
Per common share	\$ (0.05)	\$ (0.02)	\$ (0.01)	\$ (0.01)

Quarter ended December 31, 2006 vs 2005

Quarter to quarter variances in both sales and gross profit can be affected by the timing of purchase orders from the Company's major customer. Also, transportation and raw material costs are significantly affected by the impact of world oil prices. The Company incurred a net loss of \$1,263,870 in the last quarter of 2006 compared to \$270,957 the previous year. The most significant factor contributing to this result was the loss of \$786,733 attributed to the Company's new hospitality segment which is expected to commence more significant revenue in Q1 of 2007 (\$19,245 in sales occurred in Q4 of 2006)

Beverage sales and related royalties for the quarter ended December 31, 2006 result from a slight increase in case volume, offset by lower royalties. The Company has continued to grow its exports of Super Oxygenated bottled water to Japan, but has also devoted significant effort and resources to the development of its new business opportunities, particularly its hospitality business which commenced operations during the quarter. (see segment information below).

SG&A expenses have increased over 2005 for the following reasons:

- Higher consulting fees in the beverage business relating to production and product supply technical support.
- Hospitality segment consulting fees amounted to \$98,099, and were specific to contractual milestones relating to obtaining initial customer orders
- Business development fees of \$401,936 paid in our hospitality segment;
- Additional personnel hired in the hospitality segment
- Higher design and travel costs relating to the hospitality business;
- Foreign exchange expense increased as a result of rate fluctuations;
- Increased interest expense due to additional notes payable;
- New investor relations arrangements.
- Increased premises and facility rent.
- Higher professional fees relating to debt collection, the hospitality business and increased financing activities.

NEW HOSPITALITY BUSINESS SEGMENT

On August 17, 2006, the Company incorporated a wholly owned Nevada subsidiary, StonePoint Global Brands USA, LLC, to conduct its new hospitality business. The Company has been selling beverages to hotels and retailers for many years and has identified an opportunity to leverage its experience and contacts by marketing an expanded line of consumer products within the hotel industry. The Company will focus on product development, full service logistics and customer service. The Company has engaged three consultants to perform senior management functions relating to the sales, marketing and operational aspects of this business, and also hired one additional employee to assist in the process.

For the year ended December 31, 2006, summarized operations of the hospitality segment were as follows:

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<i>Business segment data (selected items)</i>	Total
Sales	\$ 19,624
Interest expense	3,718
Consulting and business development fees	500,035
Design and marketing	137,516
Professional fees	40,459
Travel	36,027
Wages	64,960
Segment profit (loss)	\$ (786,733)

In addition to the above operating results, the business incurred pre-operating costs of \$16,012 and acquired new customer purchase orders pursuant to an acquisition agreement for \$87,000 which are included in intangible assets.

SHARE DATA

As at the date hereof, the Company had 13,337,032 shares outstanding (13,277,032 - December 31, 2006).

The following incentive stock options were outstanding at December 31, 2006:

Number of Shares	Exercise Price	Expiry Date
285,000	\$0.10	August 2, 2010
205,500	\$0.12	November 1, 2010
50,000	\$0.50	April 20, 2007 (subsequently exercised)
25,000	\$0.60	September 1 2007
160,000	\$0.80	December 22, 2007
50,000	\$0.80	December 22, 2008
244,000	\$0.50	December 22, 2008
100,000	\$0.82	June 7, 2008
1,119,500		

At December 31, 2006 there were 1,680,000 warrants outstanding to purchase common shares at a price of C\$0.12 until October 18, 2007.

LIQUIDITY

Following the completion of the divestiture of its Private and Custom labeled bottled water businesses in September, 2003, the Company has again returned to a positive working capital position. Working capital has been also impacted by financing operations with short term notes payable during the past two years, however, the Company's revenue growth, new opportunities and share consolidation has permitted a return to equity financing. During the year, the Company raised new equity financing of \$1,771,328 (2005 - \$286,025)

	December 31, 2006	December 31, 2005	December 31, 2004	December 31, 2003
Working capital (deficiency)	\$ 333,678	\$ (50,379)	73,815	\$ 279,320

Improved sales of its enhanced beverage line should enable the Company to generate sufficient cash to cover its working capital requirements on a monthly basis. Case volume experienced in 2005 was marginally sufficient to do so, however, volume trended upward in 2006 with a 97.5% increase in case volume.

Significant expenditures were made as follows:

- \$997,356 to finance our new hospitality segment
- \$240,471 to acquire new beverage equipment
- \$487,547 in notes receivable from a beverage segment supplier

Also included in notes receivable is \$55,000 remaining from a debt owed from another public company. During the year ended December 31, 2006, the Company commenced foreclosure proceedings under a security agreement and seized the assets of the borrower. An October 15, 2006 asset sale agreement resulted in a settlement of \$150,000 (\$65,000 received) from a third party and an additional \$4,396 (C\$5,000 -received) from the borrower, subject to certain closing adjustments. The Company expects to receive a final payment of \$55,000, resulting in a write-down of \$35,338.

The Company's ongoing commitments for annual premises lease/rental amount to approximately C\$6,200 per month and are not considered a factor in its future liquidity circumstances.

CAPITAL RESOURCES

The Company depends upon the junior capital markets to raise equity and debt financing needed to fund its working capital requirements to the extent not generated internally. Recent improvements in its enhanced beverage sales and related margins, together with a reduced cost structure from its continuing operations and modest note payable financings, have largely eliminated the necessity of raising additional equity capital for this purpose.

During the year ended December 31, 2006, the Company raised \$1,559,222 in two private placements at C\$0.45 and C\$0.80 issuing 2,740,145 shares. An additional \$179,265 and \$32,841 were raised through the exercise of warrants and options respectively. Debt financing totalled \$309,774 (2005 - \$234,209).

During the year ended December 31, 2005, the Company completed a private placement issuing 3,365,000 units at a price of C\$0.10 per unit for gross proceeds of C\$336,500, each unit consisting of one common share and one warrant to purchase one additional common share at a price of C\$0.12 until October 18, 2007.

Its ability to continue to raise equity financing for any purpose, or course, remains subject to the general investment climate and investors' interest in supporting the Company's business objectives. No significant financial commitments exist beyond our working capital needs.

OFF – BALANCE SHEET ARRANGEMENTS

The Company has not entered into any significant off-balance sheet arrangements or commitments.

RELATED PARTY TRANSACTIONS

	<u>2006</u>	<u>2005</u>	<u>2004</u>
<i>For the year:</i>			
Wages and benefits (James Borkowski and Aubrey Ryals)	\$ 191,109	\$ 195,197	\$ 159,121
Consulting fees (Frank Port, Michael Kinley, Cameron Ree and Tom Koltai)	127,490	70,947	18,803
Debt settled for shares (James Borkowski, Aubrey Ryals, Frank Port, Michael Kinley)	-	52,509	-
Business development fees (Cameron Ree, Tom Koltai)	\$401,936	-	-
Longview Strategies Inc., a control block holder of common shares – investor relations services	\$25,678		
<i>As at balance sheet date:</i>			
Included in accounts payable	\$ 7,399	\$ 1,235	\$ 15,000

Amounts due to related parties are unsecured and non-interest bearing with no specific terms of repayment. All transactions are in the normal course of operations and are recorded at exchange amounts established and agreed between the related parties.

LAST QUARTER

There were no significant last quarter transactions not otherwise disclosed.

SUBSEQUENT EVENTS

Subsequent to December 31, 2006, the Company:

- a) advanced an additional amounts totalling \$54,000 under the Credit Facility notes receivable (Note 3)
- b) closed a brokered private placement of unsecured debentures for gross proceeds of C\$600,000 bearing interest at a rate of 12% per annum and maturing three years from the date of issuance.
- c) Issued 50,000 shares pursuant to warrants exercised at C\$0.12 each for gross proceeds of C\$6,000, and 10,000 bonus shares pursuant to notes payable issued.

CHANGES IN ACCOUNTING POLICIES

The Company has not changed accounting policies. The Company will implement the new financial instruments policy of the CICA Handbook effective January 1, 2007.

CONTROLS AND PROCEDURES

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted as part of the Company's continuous disclosure requirements is recorded, processed, summarized and reported, within the time periods specified by applicable regulatory authority. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in Company reports is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer as appropriate, to allow timely decisions regarding required disclosure.

EVALUATION OF DISCLOSURE ON CONTROLS AND PROCEDURES.

Based on an evaluation of our disclosure controls and procedures as of the end of the period covered by this quarterly report, our CEO and CFO have determined that our current disclosure controls and procedures are effective.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING.

There have not been any changes in our internal control over financial reporting or any other factors during the year ended December 31, 2006, that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts receivable, notes receivable, accounts payable and accrued liabilities and notes payable. Management has determined that the carrying value of the financial instruments approximate fair value due to their short-term nature. The Company is exposed to credit risk only with respect to uncertainties as the timing and amount of collectibility of accounts receivable and the note receivable. The Company mitigates credit risk through standard credit and reference checks, and its settlement agreement with the borrower of the note receivable.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The consolidated financial statements and all information in the annual report are the responsibility of the Board of Directors and management. The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Management maintains the necessary systems of internal controls, policies and procedures to provide assurance that assets are safeguarded and that the financial records are reliable and form a proper basis for the preparation of financial statements.

The Board of Directors ensures that management fulfills its responsibilities for financial reporting and internal control through an Audit Committee. This committee, which reports to the Board of Directors, meets with the independent auditors and reviews the consolidated financial statements.

The consolidated financial statements have been audited by Davidson & Company LLP, Chartered Accountants, who were appointed by the shareholders. The auditors' report outlines the scope of their examination and their opinion on the consolidated financial statements.

RISK FACTORS

This MD&A contains forward-looking statements that involve risks and uncertainties. The forward-looking information in this MD&A is based on the conclusions of management. The Company cautions that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the Company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the company and other factors.

The business of brand development involves a high degree of risk. The Company's activities are highly concentrated in this sector, and are exposed to above average cyclical fluctuations due to economic conditions, product supply/demand imbalances and global political factors. The Company's beverage segment relies substantially on one customer in Japan, while the hospitality segment is a completely new business initiative without any significant revenue to December 31, 2006. Junior companies in this sector focus on early-stage business opportunities, but few of these opportunities are ultimately developed into profitable enterprises. At present, none of the Company's segments generate sufficient cash flow internally to support their operations. Thus, they are reliant on raising additional financing to continue their development. The Company's businesses are also exposed to intense competition, environmental and insurance risks, as well as political and environmental instability.

Other risks facing the Company include competition which can either increase costs or reduce the number of attractive opportunities; reliance on third parties, including consultants; statutory and regulatory requirements and uncertainty of additional financing. The Company does not use any derivative instruments to reduce its exposure to fluctuations in foreign currency exchange rates.

Except for statements of historical fact relating to the Company, certain information contained herein constitutes forward looking statements. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change. The reader is cautioned not to place undue reliance on forward-looking statements.