MISSION READY SERVICES INC.

MANAGEMENT DISCUSSION & ANALYSIS
June 30, 2015

Introduction

The following management discussion and analysis ("MD&A"), prepared as of August 28, 2015, is a review of the operations, current financial position and outlook for Mission Ready Services Inc. (the "Company") and should be read in conjunction with the Company's most recently issued audited financial statements for the year ended December 31, 2014, copies of which are filed on the SEDAR website: www.sedar.com.

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures included herein and in the following discussion and analysis are quoted in Canadian dollars unless otherwise noted.

Management is responsible for the information contained in this MD&A and its consistency with information presented to the Audit Committee and Board of Directors. All information in this document has been reviewed and approved by the Audit Committee and Board of Directors. This review was performed by management with information available as of August 28, 2015.

The financial information in this MD&A is derived from the Company's financial statements prepared in accordance with IFRS. This MD&A may contain forward looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of risk factors beyond its control. Actual results may differ materially from the expected results.

Forward-Looking Information

This MD&A may include certain "forward-looking statements" within the meaning of applicable Canadian securities legislation. Other than statements of historical facts, all statements included in this MD&A that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as future business strategy, competition, strengths, goals, expansion and growth of the Company's businesses, operations, plans and other such matters are forward looking statements. When used in this MD&A, the words "estimate", "plan", "anticipate", "expect", "intend", "believe", "pipeline", and similar expressions are intended to identify forward-looking statements. Forward-looking information is based in part, on assumptions that may change, thus causing actual results or anticipated events to differ materially from those expressed or implied in any forward-looking information. Such assumptions include the stability or improvement of general economic conditions. These statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward statements are made as of the date of this MD&A and are expressly qualified in their entirety by this cautionary statement. Subject to applicable securities laws, the Company does not assume any obligation to update or revise them to reflect new events or circumstances. Such factors include, among others, risks related to unavailability of financing, unfavorable market conditions and other factors. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

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Description of the Company's Business

Mission Ready Services Inc.'s (MRS) mission is to save lives and enhance the performance of military personnel, first responders and those who protect us by working to ensure that they are equipped with the best possible personal protective equipment. With offices in Canada and the United States, the Company provides timely, effective and environmentally responsible cleaning, logistics, maintenance, program management, consulting, client representation solutions, and product development for the global defense, security and protective services agencies.

Mission Ready is a consulting, servicing and product development company and provides its services and products through wholly owned subsidiaries Protect The Force Inc., 10-20 Services Inc., and No-Contact, LLC dba as Mission Ready Technologies. (collectively, the "Company"). The Company has cleaning, decontamination & repair facilities in Lakewood WA, Fayetteville NC and Barstow CA. It also has offices in Vancouver BC, Alpharetta GA and a research and development lab in Boston MA.

Reporting Basis

These consolidated financial statements have been prepared on a historical cost basis. Cost is the fair value of the consideration given in exchange for net assets.

Overall Performance & Outlook

The Company has increased its gross revenues to the end of the second quarter in 2015 by $ 3.07 million to $4.8 million (2014 – 1.74 million), a 176% increase over the same period in 2014. Total expenses in determining Income (Loss) Before Other Items increased 62% to $4.6 million from $2.8 million. Income Before Other items increased to $.25 million as compared to a loss of $1.06 million in the prior year. This improvement is attributed primarily to the increased revenue and higher profit margins achieved by the Company's cleaning, decontamination and repair business.

The Company's overall net loss for the six month period decreased by 124% from $1.6 million last year to $.17 million for the current year. This loss is mainly attributed to: non-cash expenses of $.50 million for Amortization & Depreciation, $.17 million for Stock Based Compensation and interest and debenture conversion costs of $0.10 million; partially offset by a foreign currency translation gain of $.3 million and by net income from operations of $.4 million in the current quarter. The Company continued its product development efforts including, placing our patented No-Contact technology into a riot control shield (patent pending). We also completed development and supported US Army trials for a new generation combat shirt and concurrently developed a Tactical Police Shirt (patents pending).

Results for the second quarter 2015 are much improved over the first quarter of 2015 for both 10-20 Services and Protect The Force. For 10-20, revenues were in excess of $2 million compared to $1.3 million for the previous quarter and its operations continue to be cash flow positive, with net income from operations of $.4 versus a loss of $.04 in the first quarter The increase is due to 10-20's US Marine contract and increased logistical and repair services provided. For Protect The Force, work is continuing on the $1.4 million contract award from the US Navy Marine Corps as well as earning revenue from several other projects for the Department of Homeland Security, North Carolina State University and other clients.

Outlook:

The Company's focus is on profitable growth as we execute our strategy of expanding services to the US Department of Defence, US law enforcement agencies and other protective services agencies within the US and other countries.

The Company has several wearable protective products, developed by our Research and Development Division, that are being readied for market and has entered into discussions with several potential customers to commercialize these products in 2015.

These include:

1) Ballistic Combat Shirt
2) Tactical Police Shirt
3) No-Contact Modular Riot Shield Cover

The Company is also expanding its decontamination, cleaning and repair services, both in the US military and to municipal firefighters and emergency first responders and has several proposals pending to provide those services to a number of potential new customers and increase its services to existing ones. To this extent its US locations will become certified by Underwriters Laboratory (UL) as an Independent Service Provider approved for the inspection, cleaning, and repair for protective ensembles for structural and proximity fire-fighting. UL will be verifying that the Company has the ability to inspect, restore and repair textiles and protective clothing to their original integrity.

Neither the timing nor the degree of likelihood of success of any of the proposals or discussions or our commercialization efforts can be stated with any degree of accuracy.

Selected Quarterly Financial Information

Operational and Administration Costs

The majority of the costs incurred by the Company are being applied to earnings in the current period as incurred.

	Quarter Ended June 30, 2015	Quarter Ended June 30, 2014	Quarter Ended June 30, 2013
Revenues	2,795,902	1,133,241	215,237
Operating Expenses	2,395,159	1,638,174	180,638
Income (Loss) before Other Items	400,743	(504,933)	34,599
Amortization and Depreciation	248,769	214,127	213,117
Interest	5,764	5,207	845
Non Recurring Expenses (Income)	(19,800)	52,959	554
Other Non- Cash Expenses (Income)	(12,224)	108,314	-
Net Comprehensive Income (Loss)	179,116	(885,540)	32,355
Basic & Diluted Earnings Per Share	0.003	(0.026)	0.00
Total Assets	4,829,296	3,785,637	3,551,048
Total Long-term Liabilities	192,275	1,082,977	423,602

Second quarter 2015 revenues have increased 147% over the same period for 2014 due primarily to its cleaning and decontamination business and the winning of cleaning and logistics subcontract with the US Marine Corps.

Segment Information

The Company has two reportable business segments in the global defense, security, and first responder markets: research, development & manufacturer representation; and inspection, cleaning, & repair services of protective services gear.

The Company operates three cleaning, decontamination & repair facilities located in Lakewood WA, Fayetteville NC, Barstow CA. The Company has sold its Kelowna BC business as of April 30, 2015 to concentrate on the larger United States markets. The Company maintains a research and product development lab in Boston MA and an office in Alpharetta GA out of which the manufacturer's representation and consulting business is managed.

The Company derives 97% of its revenues from customers and clients where the end customer is the US Department of Defence.

Three Months Ended June 30, 2015	Research & Development & Manufacturer Representation $	Inspection, Cleaning & Repair Services $	Corporate Head Office $	Total $
Revenues	718,397	2,077,505	-	2,795,902
Amortization of Intangible Assets	180,522	4,688	-	185,210
Depreciation of Property & Equipment	3,726	59,368	465	63,599
Other Expenses	523,634	1,580,528	283,244	2,387,406
Total Expenses	707,882	1,644,584	283,709	2,610,739
Net Income (Loss) for the Period	10,515	432,921	(283,709)	159,727
Current Assets	465,230	926,937	345,545	1,737,712
Property, Plant and Equipment	537,729	883,007	6,953	1,427,585
Intangible Assets	1,584,532	1,247	78,116	1,663,895
Segment Assets	2,587,491	1,811,191	430,614	4,829,296
Segment Liabilities	265,177	725,651	138,773	1,129,601

Three Months Ended June 30, 2014	Research & Development & Manufacturer Representation $	Inspection, Cleaning & Repair Services $	Corporate Head Office $	Total $
Revenues	542,838	590,403	-	1,133,241
Amortization of Intangible Assets	160,681	4,689	-	165,370
Depreciation of Property and Equipment	1,450	47,826	-	49,276
Other Expenses	646,371	648,805	400,645	1,695,821
Total Expenses	808,502	701,320	400,645	1,695,821
Net Loss for the Period	(265,664)	(110,917)	(400,645)	(777,226)
Current Assets	245,955	387,404	540,756	1,174,115
Property, Plant and Equipment	52,336	508,639	963	561,938
Intangible Assets	1,952,716	-	96,868	2,049,584
Segment Assets	2,251,007	896,043	638,587	3,785,637
Segment Liabilities	259,014	777,788	1,300,550	2,337,352

Discussion of Operations

10-20 Services Inc.

At the beginning of 2014, 10-20 won an award to clean & repair general personal equipment and gear for the US Army Special Operations Command. To date the Company has cleaned over 138,000 pieces of equipment and returned this gear back into service saving the government approximately 88% over replacement cost with a potential total savings to the Government of greater than $11 million. 10-20 received in May another $200k continuing purchase order to carry on this work.

In the third quarter 2014, 10-20 won a $4.2 million contract to clean and decontaminate infantry combat equipment for the US Marine Corps Logistics Systems Command in Barstow CA. This contract began in the beginning of October 2014 with gear being cleaned at the Washington and North Carolina sites. Work also began at the Company's new site in Barstow in late March 2015. To date we have cleaned and repackaged over 4,700 pallets of gear representing approximately $101 million of infantry combat equipment. Savings over replacement cost to the government is in excess of $98 million.

In addition to work for the US military, 10-20 has begun work with the US National Guard in both Washington State and South Carolina. The National Guard has approximately 450,000 members nationally that are controlled by the respective states where they are located. This work includes ongoing cleaning of mechanics coveralls and complete restoration of body armor. The Company plans to expand its work with other National Guard bases located in states adjacent to its facilities.

Protect The Force Inc.

Protect The Force's gross revenues for the three months ended June 30, 2015 increased 32% over the same period for 2014 with a net increase of 59% year to date.

Beginning in 2015 the Company began to capitalize certain specific internal costs related to product development, in accordance with the requirements as set out in IFRS IAS 38 Intangible Assets, for products the Company believes it will be able to bring to market in the near future. During the current quarter the Company's research and development division invested $489 thousand to date in the development of our own patentable products such as a No Contact riot shield cover (patent pending), its Ballistic Combat Shirt and a Tactical Police Shirt that integrates advanced protection, high human performance (to an athletic level) and system weight reduction. The Ballistic Combat Shirt has undergone extensive field testing by the US Army achieving high approval ratings from soldiers. The law enforcement version is currently in testing and evaluation with a number of SWAT teams and other US and international law enforcement agencies.

In September 2014 the Company won an award of $1.4 million from the US Navy Marine Corps to perform research and development of the Marine Corps Next Generation Body Armor Architecture. Work on this project started in late November and is projected to extend out to September 2016. The Company also assisted some of its clients in obtaining grants from the US Army for research and development over the next two years and will participate in those development efforts.

Consolidated Results

The net comprehensive income for the current quarter increased to $179 thousand from a loss of $351 thousand for the prior quarter. The improved operations are due in part to: increased revenues of $774 thousand, lower other item costs of $296 thousand and continued operating efficiencies. Due to fluctuating exchange rates the Company also recorded an additional $12 thousand in foreign currency translation gains.

Summary of Quarterly Financial Results

The following table provides a summary of the Company's eight quarterly results ending on June 30, 2015:

	Quarter ended September, 30 2013	Quarter ended December 31, 2013	Quarter ended June 30, 2014	Quarter ended June 30, 2014
Revenue	$532,975	$1,210,109	$614,205	$1,133,241
Net Comprehensive Loss	(654,897)	(1,287,639)	(735,251)	(885,540)
Basic and diluted net loss per share	(0.027)	(0.052)	(0.052)	(0.02)
	Quarter ended September 30, 2014	Quarter ended December 31, 2014	Quarter ended June 30, 2015	Quarter ended June 30, 2015
Revenue	$804,227	$1,785,318	$2,021,349	$2,795,902
Net Comprehensive Income (Loss)	(1,058,981)	(1,728,328)	(676,892)	179,116
Basic and diluted net income (loss) per share	(0.026)	(0.032)	(0.012)	0.003

Liquidity and Capital Resources

As of June 30, 2015, the Company had net working capital of $800,386 and cash of $613,741. The Company is dependent upon ongoing positive operations, debt and equity funding to support operating expenditures for the following year.

The Company experienced a net decrease in its cash position for the quarter of $447,468 due primarily to investment into product development of $310,762 and the acquisition of equipment of $68,626. In addition the Company redeemed $230,000 of convertible debentures. The Company had positive cash flows from operations of $127,794.

Below are discussions related to the Company's capital activities.

Operating Activities

Outstanding Share Data

a) Authorized Share Capital

The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued and Outstanding Common Shares

As at June 30, 2015, the Company had 57,127,787 common shares issued and outstanding as presented in the consolidated statements of changes in shareholders' equity.

i) Shares Issued for Cash in 2014

On January 16, 2014, the Company issued 396,000 units at $0.25 per unit for total gross proceeds of $99,000. Each unit consists of one common share and one share purchase warrant exercisable at $0.40 per share until August 26, 2015. The Company issued 31,680 finder's unit warrants, with a fair value of $5,173, that are exercisable at $0.25 per unit until August 26, 2015.

On April 16, 2014, the Company issued 6,236,400 units at $0.25 per unit for total gross proceeds of $1,559,100. Each unit consists of one common share and one share purchase warrant exercisable at $0.50 per share until August 26, 2015. The Company issued 236,400 units for finders' fees.

On October 04, 2014, the Company issued 16,000,000 units at $0.25 per unit for total gross proceeds of $4,000,000. Each unit consisting of one common share and one half of a share purchase. Each whole warrant shall entitle the holder acquire one common share at an exercise price of $0.50 per share until September 30, 2017.

These warrants will have an accelerated expiry date if the Company's weighted average share price for 10 consecutive trading days equals or exceeds $1.00. The Company may give notice to the warrant holders that they must exercise their remaining warrants within a period of 30-days from the deemed date of receipt of the notice. Any warrants remaining unexercised after the expiration of the 30-day notice period will be cancelled and will thereafter be of no force or effect. The Company issued 769,860 finder's warrants, with a value of $156,112, that are exercisable at a price of $0.50 per until September 30, 2017 subject to the same acceleration clause.

ii) Shares Issued on Conversion of Debentures

During the year ended December 31, 2014, the Company issued 120,000 common shares on the conversion of debentures totaling $30,000 at a conversion price of $0.25 per share.

iii) Shares Issued on Conversion of Debentures in 2015

On March 24, 2015, the Company issued 3,320,000 common shares and 1,660,000 share purchase warrants upon conversion of these debentures in the amount of $830,000 at a conversion price of $0.25 per share.

These warrants will have an accelerated expiry date if the Company's weighted average share price for 10 consecutive trading days equals or exceeds $1.00. The Company may give notice to the warrant holders that they must exercise their remaining warrants within a period of 30-days from the deemed date of receipt of the notice. Any warrants remaining unexercised after the expiration of the 30-day notice period will be cancelled and will thereafter be of no force or effect.

c) Shares Held in Escrow

As at June 30, 2015, the Company has 11,905,178 common shares held in escrow.

d) Share Purchase Warrants

The continuity of warrants for the three months ended June 30, 2015 is as follows:

Expiry Date	Exercise Price	March 31, 2015	Issued	Exercised	Expired/ Cancelled	June 30, 2015
February 28, 2015 *	$0.40	6,690,000	-	-	-	6,690,000
April 12, 2015	$0.40	1,296,000	-	-	1,296,000	900,000
August 26, 2015	$0.40	4,620,000		-	-	4,620,000
August 26, 2015	$0.50	6,000,000		-	-	6,000,000
September 30, 2017	$0.50	8,000,000	1,660,000	-	-	9,660,000
		26,606,000	14,396,000	-	1,296,000	28,266,000

The continuity of warrants for the three months ended June 30, 2014 is as follows:

Expiry Date	Exercise Price	March 31, 2014	Issued	Exercised	Expired/ Cancelled	June 30, 2014
February 28, 2015*	$0.40	6,690,000	-	-	-	6,690,000
April 12, 2015	$0.40	1,296,000	-	-	-	1,296,000
August 26, 2015	$0.40	4,620,000		-	-	4,620,000
August 26, 2015	$0.50	-	6,000,000	-	-	6,000,000
		12,606,000	6,000,000	-	-	18,606,000

* On February 19, 2015, the Company extended the expiry date of 6,690,000 warrants from February 28, 2014 to August 26, 2015.

e) Finders' Warrants

The continuity of finders' warrants for the three months ended June 30, 2015 is as follows:

Expiry Date	Exercise Price	March 31, 2015	Issued	Exercised	Expired/ Cancelled	June 30, 2015
April 12, 2015	$0.25	169,600	-	-	169,600	-
April 12, 2015	$0.40	72,000	-	-	72,000	-
August 26, 2015	$0.50	236,400	-	-	-	236,400
September 30, 2015	$0.50	649,860	-	-	-	649,860
September 30, 2017	$0.50	120,000	-	-	-	120,000
		1,247,860	-	-	241,600	1,006,260

The continuity of finders' warrants for the three months ended June 30, 2014 is as follows:

Expiry Date	Exercise Price	March 31, 2014	Issued	Exercised	Expired/ Cancelled	June 30, 2014
April 12, 2015	$0.25	120,000	31,680	-	-	151,680
April 12, 2015	$0.40	72,000	-	-	-	72,000
August 26, 2015	$0.50	236,400	-	-	-	236,400
		428,400	31,680	-	-	460,080

f) Finders' Unit Warrants

The continuity of finders' unit warrants for the three months ended June 30, 2015 is as follows:

Expiry Date	Exercise Price	March 31, 20145	Issued	Exercised	Expired/ Cancelled	June 30, 2015
April 12, 2015	$0.25	179,200	-	-	179,200	-
August 26, 2015	$0.25	135,680	-	-	-	135,680
		314,880	-	-	179,200	135,680

The continuity of finders' unit warrants for the three months ended June 30, 2014 is as follows:

Expiry Date	Exercise Price	March 31, 2014	Issued	Exercised	Expired/ Cancelled	June 30, 2014
April 12, 2015	$0.25	179,200		-	-	179,200
August 26, 2015	$0.25	104,000		-	-	104,000
		283,200		-	-	283,200

g) Stock Options

The Company adopted a share option plan whereby it may grant share options to directors, officers, employees, and consultants of the Company. The maximum number of shares that may be reserved for issuance under the plan is limited to 10% of the issued and outstanding common shares of the Company at any time. Under the plan, the exercise price of an option may not be less than the discounted market price. The options may have a maximum term of 10 years and be vested at the discretion of the board of directors.

As at June 30, 2015, 5,542,700 options, with an average exercise price of $0.27 per share and an average remaining life of 8.66 years, have been vested. The continuity of stock options for the three months ended June 30, 2015 is as follows.

Expiry Date	Exercise Price	March 31, 2015	Granted	Exercised	Expired/ Cancelled	June 30, 2015
August 26, 2015	$0.25	25,000	-	-	-	25,000
March 10, 2019	$0.25	350,000	-	-	-	350,000
March 21, 2021	$0.20	247,500	-	-	-	247,500
May 8, 2024	$0.35	1,000,000	-	-	-	1,000,000
July 8, 2024	$0.25	50,000	-	-	-	50,000
July 8, 2024	$0.35	25,000	-	-	-	25,000
September 2, 2024	$0.25	4,415,000	-	-	-	4,415,000
November 21, 2024	$0.35	150,000	-	-	-	150,000
		6,262,500	-	-	-	6,262,500

The continuity of stock options for the three months ended June 30, 2014 is as follows. All options outstanding as at June 30, 2014 have been vested.

Expiry Date	Exercise Price	March 31, 2014	Granted	Exercised	Expired/ Cancelled	June 30, 2014
March 21, 2021	$0.20	247,500	-	-	-	247,500
August 26, 2015	$0.25	25,000	-	-	-	25,000
May 08, 2024	$0.35	-	1,025,000	-	-	1,025,000
		272,500	1,025,000	-	-	1,297,500

h) Stock-Based Compensation

The fair values of stock options, finder's warrants, and finder's unit warrants granted are estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions made during the period ended June 30, 2015:

	June 30, 2015	June 30, 2014
Risk-Free Annual Interest Rate	0.98% – 1.22%	0.98% – 1.22%
Expected Stock Price Volatility	74%	150%
Expected Life of Option	1.7 – 3.0 years	1.7 – 2.0 years
Expected Annual Dividend Yield	0%	0%

There were no finder's warrants or finder unit warrants issued during the quarter ended June 30, 2015. The weighted average fair value per share of finder's warrants granted during the three months ended June 30, 2014 was $0.20 per share.

Option pricing models require the input of highly subjective assumptions. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models may not necessarily provide a single reliable measure of the fair value of the Company's stock options and brokers warrants.

Capital Disclosure

The Company considers its capital structure to include net residual equity of all assets, less liabilities. Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at June 30, 2015, the Company's shareholders' equity was $3,699,695 (2014 - $1,448,285) and it had current liabilities of 937,326 (2014 - $1,254,375). Management's objective is to manage its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of share capital and working capital.

In order to achieve this objective, management makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust capital structure, management has invested its excess cash in interest bearing accounts of Canadian chartered banks and/or raise additional funds externally as needed.

The capital for operations was mostly from proceeds from the issuance of common shares and convertible debentures.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements other than reported in the accompanying notes to the financial statements as at June 30, 2015 or as of the date of this report.

Related Party Transactions

As at June 30, 2015 and 2014, the Company had the following amounts owed to related parties that are non-interest bearing, unsecured, and have no specified terms of repayment.

	2015 $	2014 $
Director fees payable [1]	67,700	-
Due to Rod Reum, a director and CEO for expense reimbursements	-	215,599
Due to Nicolette Keith, CFO for expense reimbursements	488	-
Due to a Company with a common director for computer consulting services [2]	59,092	-
Due to a Terry Nixon an employee for services and expense reimbursements	-	81,714
	127,280	320,484

(1) Director fees accrue at the rate of $2,000 per month for directors Vitor Fonseca, David Smalley, Peter Fuller and Paul Litchfield. Director fees will be paid when the Company's operations become cash flow positive and the Company has sufficient free cash.

(2) Rod Reum is a director of Britec Computer Systems Ltd. that provides computer consulting services to the Company.

All related party transactions were in the ordinary course of business and were measured at their exchange amount as agreed between the related parties.

Compensation of Key Management Personnel

The compensation paid or payable to directors and key management personnel, including consulting and professional fees for administrative, management, accounting, and legal services provided by these related parties, during the three months ended June 30, 2015 and 2014 are as follows.

	2015 $	2014 $
Salaries and Other Short-Term Employee Benefits	446,983	328,377
Consulting Fees	18,220	18,220
Directors Fees (recorded in Corporate Governance, Transfer Agent & Filing Fees)	48,000	72,750
Professional Fees	15,539	37,917
Professional Fees (recorded in Share Issuance Costs)	-	6,708
Royalties	-	36,301
	528,742	500,273

Royalty fees were paid to a company with a former common director (resigned in November 2014).

All related party transactions were in the ordinary course of business and were measured at their exchange amount as agreed between the related parties.

Second Quarter Discussion

The Company had a net comprehensive income of $208 thousand for the three months ended June 30, 2015 compared to a loss of $351 thousand for the previous three months ended March 31, 2015. This income is attributed to increased revenues and increased margins in the Company's cleaning, decontamination and repair business. The Company increased its gross margins from 17% in the first Quarter to 34% in the second quarter of 2015 by focusing on operating efficiencies and maintaining strict targets of man hour per pallets of gear washed and completed.

The Company had working capital of $800,386 as at June 30, 2015 (June 30, 2014 – deficit $80,260).

Critical Accounting Estimates

During the period ended June 30, 2015, the Company had some accounting estimates. For detailed descriptions of significant accounting policies, readers are directed to the financial statements for the year ended December 31, 2014, and the period ended June 30, 2015 available at www.sedar.com.

Changes in Accounting Policies

Accounting standards, amendments and interpretations not yet effective
The following standards and interpretations have been issued but are not yet effective:

- IFRS 9: Financial Instruments: Classification and Measurement

Other accounting standards, amendments and interpretations to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

Financial Instruments and other Instruments

Under IFRS, a three-level hierarchy that reflects the significance of inputs used in making fair value adjustments is required. The three-levels of fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices that are observable for the asset and liability either directly or indirectly.

Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash and cash equivalents, trade payables and amounts due to related parties. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

Outstanding Shares

As at the date of this MD&A, the Company had the following outstanding:

- 57,127,787 common shares
- 29,970,000 share purchase warrants
- 1,006,260 finders' warrants
- 135,680 finders' unit warrants
- 6,262,500 share options

Critical Risks and Uncertainties

Operating History

The Company does not have a record of achievement to be relied upon. The Company's operations are subject to all the risks inherent in the establishment of a new business enterprise, including a lack of operating history. The Company cannot be certain that its investment strategy or development of the Company's business will be successful. The likelihood of the Company's success must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. If the Company fails to address any of those risks or difficulties adequately, business will likely suffer.

Competition

The earnings of the Company depend upon the Company's ability to locate suitable opportunities and locations to establish cleaning and repair centres and to bring to market the proprietary products being developed by its research and development division. Competition may restrict the Company's share of the market, reduce rates of return and/or may reduce profit margins.

Other Matters

Legal proceedings:
There are no ongoing legal proceedings of any kind or initiated by the Company or by third parties against the Company.

Contingent liabilities:
At the date of MD&A, management was unaware of any outstanding contingent liabilities relating to the Company's activities.

Management's Report on Internal Control over Financial Reporting

In connection with Exemption Orders issued in November 2007 by each of the securities commissions across Canada, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the financial statements and the audited financial statements and respective accompanying MD&A.

In contrast to the certificate under National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Filings), the Venture Issuer Basic Certification includes a 'Note to Reader' stating that the CEO and CFO do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financing reporting, as defined in MI 52-109.

In addition, as U.S. government contractors we are subject to routine audits and investigations by U.S. agencies such as the Defense Contract Audit Agency (DCAA). This agency reviews our performance, cost structure and compliance with applicable laws, regulations and standards under our contracts. The DCAA also reviews the adequacy of and our compliance with our internal control systems and policies, including our accounting, purchasing, government property, estimating, and related business systems.

Additional Information

Additional disclosure of the Company's, material change reports, new release, and other information can be obtained on SEDAR at www.sedar.com, or by requesting further information from the Company's head office in Vancouver BC Canada.