MANAGEMENT DISCUSSION & ANALYSIS
September 30, 2016

Introduction

The following management discussion and analysis ("MD&A"), prepared as of November 28, 2016, 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, 2015, 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 November 28, 2016.

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., No-Contact, LLC dba Protect The Force Innovations and PTF Manufacturing Inc. (collectively, the "Company"). The Company has a cleaning, decontamination & repair facility in Fayetteville NC. It also has offices in Vancouver BC, a research and development lab in Boston MA and a manufacturing facility in Jacksboro, TN.

Beginning in 2016 the Company started re-branding its USA based subsidiaries under the Protect The Force brand name and each division will be known as Protect The Force Inc. (Protect The Force Sales), 10-20 Services Inc. (Protect the Force Services), and No-Contact, LLC dba Mission Ready Technologies (Protect The Force Innovations).

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

For the nine months ended September 30, 2016 the Company's gross revenues decreased by $3.4 million to $3.6 million (2015 – $7.1 million), a 49% decrease over the same period in the prior year. This decrease is due to a onetime $4.2 million contract the company performed for the US Marines that was completed in the fall of 2015. The lower gross revenues of the Company's Cleaning and Remediation division was partially offset by increased revenues of the Research Development & Manufacturer Representation divisions and the start of revenues generated by the Manufacturing division. Total expenses included in determining Income (Loss) Before Other Items decreased 28% to $4.8 million from $6.6 million. Income Before Other items decreased by $1.6 million from income in 2015 of $0.48 million to a loss of $1.14 million in 2016. The decrease in revenues and expenses is primarily due to the Company's performance of the previously mentioned one year contract for the US Marines in 2015 partially offset by the initial set up costs of the Company's new manufacturing facility.

The Company's overall net comprehensive loss for the year increased from $0.06 million for the same period in the prior year to $2.18 million for the current year. This loss is mainly attributed to: non-cash expenses of $0.83 million for Amortization & Depreciation, a foreign currency translation loss of $0.19 million, employee termination costs of $0.24 million and net loss from operations of $1.14 million in the current year.

The Company continued its product development efforts including placing our patented No-Contact technology into a riot control shield (patent pending). The Company also started marketing our new generation Tactical Police Shirt branded as the Flex9Armor Shirt (patents pending). The shirt is featured on the cover of this report.

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, which are at different stages of development. Those products being commercialized are:

1) Ballistic Combat Shirt
2) Tactical Police Shirt (Flex9Armor)
3) No-Contact Modular Riot Shield Cover
4) Other products incorporating the No-Contact technology

The Company is in discussion with several distribution partners and potential customers with the objective of bringing these products to market.

To further strengthen its commercialization efforts, the Company has set up a manufacturing facility, (PTF Manufacturing Inc.), based in Campbell County, Tennessee, a designated HUBZone (Historically Underutilized Business Zone) for which the Company may qualify for various tax and other incentives. This facility is manufacturing our own products and also manufacturing for select clients**.**

A key focus of the Company is on its proprietary Flex9 Armor base layer shirt for law enforcement agencies and foreign militaries. The Company recently completed its first shipment of shirts to a US County SWAT team. The next shipment will be in fulfilling a NATO partner military order. Recently the Company won an award through the US DoD's Defense to Response (D2R) Technology Program for the provision of USD $110,000 in services from Texas A&M Engineering Extension Service's Product Development Center (TEEX PDC) to commercialize PTF's Flex9Armor™ to enhance public safety and homeland security. Protect The Force is currently working with over 70 US federal, state and local law enforcement agencies at various stages of the evaluation and purchasing process.

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.

For The Quarter Ended September 30	2016	2015	2014
Revenues	1,349,121	2,266,026	804,227
Operating Expenses	1,614,108	2,045,757	1,459,387
Income (Loss) Before Other Items	(264,987)	220,269	(655,160)
Amortization and Depreciation	274,531	267,582	212,945
Interest	3,955	5,657	4,945
Non Recurring Expenses (Income)		8,889	110,694
Other Non- Cash Expenses (Income)	248,140	(1,236)	188,630
Foreign Currency Translation Loss (Gain)	(82,126)	(174,136)	(112,808)
Net Comprehensive Income (Loss)	(709,487)	113,514	(1,058,982)_
Basic & Diluted Earnings Per Share	(0.009)	0.002	(0.028)
Total Assets	3,760,202	4,780,639	3,830,198
Total Long-term Liabilities	103,140	179,671	1,112,364

Segment Information

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

The Company has consolidated its cleaning, decontamination & repair facilities to its Fayetteville NC location. The Company sold its Kelowna BC business as of April 30, 2015 to concentrate on the larger United States markets. The Company also maintains a research and product development lab in Boston MA. In October 2016 the office in Alpharetta GA out of which the manufacturer's representation and consulting business was managed was closed, restructured and relocated to Jacksboro TN.

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

Three Months Ended September 30, 2016	Manufacturing $	Research & Development & Manufacturer Representation $	Inspection, Cleaning & Repair Services $	Corporate Head Office $	Total $
Revenues	126,163	989,499	233,459	-	1,349,121
Amortization of Intangible Assets	-	191,962	4,688	-	196,650
Depreciation of Property & Equipment	2,579	4,128	70,667	507	77,881
Other Expenses	419,037	654,265	473,609	280,634	1,827,545
Total Expenses	421,616	850,355	548,964	281,141	2,102,076
Net Income (Loss) for the Period	(295,453)	139,144	(315,505)	(281,141)	(752,955)
Current Assets	67,176	488,316	171,948	135,174	862,614
Property, Plant and Equipment	200,841	30,933	631,236	8,622	871,632
Intangible Assets	78,702	1,891,266	1,312	54,676	2,025,956
Segment Assets	346,719	2,410,515	804,496	198,472	3,760,202
Segment Liabilities	363,825	344,469	493,291	315,810	1,517,395

Three Months Ended September 30, 2015	Research & Development & Manufacturer Representation $	Inspection, Cleaning & Repair Services $	Corporate Head Office $	Total $
Revenues	704,863	1,561,163	-	2,266,026
Amortization of Intangible Assets	192,149	4,688	-	196,837
Depreciation of Property & Equipment	5,370	64,726	648	70,744
Other Expenses	488,704	1,185,506	384,858	2,059,068
Total Expenses	686,223	1,254,920	385,506	2,326,649
Net Income (Loss) for the Period	18,640	306,243	(385,506)	(60,623)
Current Assets	457,737	473,083	344,606	1,275,426
Property, Plant and Equipment	48,384	906,281	10,982	965,647
Intangible Assets	2,464,799	1,339	73,428	2,539,566
Segment Assets	2,970,920	1,380,703	429,016	4,780,639
Segment Liabilities	250,404	460,073	215,333	925,810

Discussion of Operations

10-20 Services Inc.

At the beginning of 2014, 10-20 began cleaning & repairing general personal equipment and gear for the US Army Special Operations Command. To date the Company has cleaned, decontaminated and repaired where required over 260,000 individual pieces of equipment and returned this gear back into service saving the government on average approximately 90% over replacement cost with a potential total savings to the Government of greater than $22 million.

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. The work on this contract started in the beginning of October 2014 and was completed in early September 2015 with gear being cleaned at all three of the Company's sites. The Company cleaned, repackaged and provided other logistical services for over 5,400 pallets of gear representing approximately $135 million of infantry combat equipment. Cost savings were 94% versus replacement with the Company achieving an equipment restoration rate of 97%.

Protect The Force Inc.

Protect The Force's gross revenues for the three months ended September 30, 2016 increased 41% over the same quarter in the prior year.

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 2014 and completed in September 2016 on time and under budget. 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.

PTF Manufacturing Inc.

The Company continued its setup and acquisition of manufacturing equipment and has begun to manufacture a full range of tactical gear in addition to the Company's Flex9 Armor™ and riot shield cover. An online webstore was launched to allow customers an easier process for ordering products. The Company also purchased manufacturing equipment, customer list and key NIJ ballistic certifications from ForceOne Armor LLC.

Highlights During the Quarter:

- The naming of Paul Litchfield (former vice president advanced concepts with Reebok) as Chief Operating Officer.
- Purchase of ForcOne, LLC assets and business.
- Letter of Intent signed for the purchase of the assets and business of Wild Things, LLC.
- Winner of the US DoD's Defense to Response Technology Program awarding the company $110,000 worth of services from Texas A&M Engineering Extension Service's Product Development Center

Consolidated Results

Income (Loss) Before Other Items for the third quarter was a $0.25 million loss compared to a $0.55 loss in the prior quarter and income of $0.22 million for the same period in the prior year. The increase in loss is primarily due to the decrease in revenues.

Summary of Quarterly Financial Results

The following table provides a summary of the Company's eight quarterly results ending on September 30, 2016:

	Quarter ended December 31, 2014	Quarter ended March 31, 2015	Quarter ended June 30, 2015	Quarter ended September 30, 2015
Revenue	$1,785,318	$2,021,349	$2,795,902	$2,266,026
Net Comprehensive Loss	(1,728,328)	(676,892)	179,116	113,514
Basic and diluted net loss per share	(0.032)	(0.012)	0.003	0.002

	Quarter ended December 31, 2015	Quarter ended March 31, 2016	Quarter ended June 30, 2016	Quarter ended September 30, 2016
Revenue	$1,438,218	$1,206,549	$1,084,270	$1,349,121
Net Comprehensive Income (Loss)	(510,022)	(847,548)	(802,346)	(709,487)
Basic and diluted net income (loss) per share	(0.010)	(0.015)	(0.010)	(0.009)

Liquidity and Capital Resources

As of September 30, 2016, the Company had net working deficit of $551,641 and cash of $78,401. 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 $346,933 primarily due to investment in NIJ certifications of $78,300, acquisition of equipment of $177,407, negative cash flows from operations of $382,150 and the effects of exchange losses.

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

<u>Outstanding Share Data</u>

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 September 30, 2016, the Company had 78,504,372 common shares issued and outstanding as presented in the consolidated statements of changes in shareholders' equity.

i) 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.

ii) Shares Issued for Cash in 2015

On December 23, 2015, the Company issued 18,409,085 units at $0.06 per unit for total gross proceeds of $1,104,545. Each unit consists of one common share and one share purchase warrant exercisable at $0.15 per share until December 18, 2017. Included in the private placement was 2,149,734 units issued for finders' fees.

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.

iii) Shares Issued for Cash in 2016

On March 23, 2016, the Company issued 2,967,500 units at $0.06 per unit for total gross proceeds of $178,050. Each unit consists of one common share and one share purchase warrant exercisable at $0.15 per share until December 18, 2017. Included in the private placement were 176,770 units issued for finders' fees.

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 September 30, 2016, the Company has 6,681,560 common shares held in escrow.

d) Share Purchase Warrants

The continuity of warrants for the nine months ended September 30, 2016 is as follows:

Expiry Date	Exercise Price	December 31, 2015	Issued	Exercised	Expired/ Cancelled	September 30, 2016
September 30, 2017	$0.50	9,660,000		-	-	9,660,000
December 18, 2017	$0.15	18,409,085	2,967,500	-	-	21,376,585
		28,069,085	2,967,500	-	-	31,036,585

The continuity of warrants for the year ended December 31, 2015 is as follows:

Expiry Date	Exercise Price	December 31, 2014	Issued	Exercised	Expired/ Cancelled	December 31, 2015
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	-
September 30, 2017	$0.50	8,000,000	1,660,000	-	-	9,660,000
December 18, 2017	$0.15	-	18,409,085	-	-	18,409,085
		26,606,000	20,069,085	-	18,606,000	28,069,085

* 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 nine months ended September 30, 2016 is as follows:

Expiry Date	Exercise Price	December 31, 2015	Issued	Exercised	Expired/ Cancelled	September 30, 2016
September 30, 2017	$0.50	120,000	-	-	-	120,000
December 18, 2017	$0.06	1,017,247	176,770	-	-	1,194,017
		1,137,247	176,770	-	-	1,314,017

The continuity of finders' warrants for the year ended December 31, 2015 is as follows:

Expiry Date	Exercise Price	December 31, 2014	Issued	Exercised	Expired/ Cancelled	December 31, 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
December 18, 2017	$0.06	-	1,017,247	-	-	1,017,247
		1,247,860	1,017,247	-	1,127,860	1,137,247

f) Finders' Unit Warrants

The continuity of finders' unit warrants for the nine months ended September 30, 2016 is as follows:

Expiry Date	Exercise Price	December 31, 2015	Issued	Exercised	Expired/ Cancelled	September 30, 2016
December 18, 2017	$0.15	1,017,247	176,770	-	-	1,194,017
		1,017,247	176,770	-	-	1,194,017

The continuity of finders' unit warrants for the year ended December 31, 2015 is as follows:

Expiry Date	Exercise Price	December 31, 2014	Issued	Exercised	Expired/ Cancelled	December 31, 2015
April 12, 2015	$0.25	179,200	-	-	179,200	-
August 26, 2015	$0.25	135,680	-	-	135,680	-
December 18, 2017	$0.15	-	1,017,247	-	-	1,017,247
		314,880	1,017,247	-	-	1,017,247

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 20% of the issued and outstanding common shares of the Company as approved by the shareholders from time to 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.

The continuity of stock options for the nine months ended September 30, 2016 is as follows. As at September 30, 2016, 5,392,500 options, with an average exercise price of $0.27 per share and an average remaining life of 7.71 years, have been vested.

The continuity of stock options for the nine months ended September 30, 2016 is as follows.

Expiry Date	Exercise Price	December 31, 2015	Granted	Exercised	Expired/ Cancelled	September 30, 2016
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	4,145,000	-	-	225,000	3,920,000
November 21, 2024	$0.35	150,000	-	-	-	150,000
		5,617,500	-	-	225,000	5,392,500

The continuity of stock options for the year ended December 31, 2015 is as follows.

Expiry Date	Exercise Price	December 31, 2014	Granted	Exercised	Expired/ Cancelled	December 31, 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	-	-	270,000	4,145,000
November 21, 2024	$0.35	150,000	-	-	-	150,000
		6,262,500	-	-	645,000	5,617,500

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 September 30, 2016:

	2016	2015
Risk-Free Annual Interest Rate	0.98% – 1.22%	0.98% – 1.22%
Expected Stock Price Volatility	102% - 108%%	74%
Expected Life of Option	1.7 – 3.0 years	1.7 – 3.0 years
Expected Annual Dividend Yield	0%	0%

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 September 30, 2016, the Company's shareholders' equity was $2,242,807 (December 31, 2015 - $4,448,123) and it had current liabilities of $1,414,255 (December, 2015 - $981,553). 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 converted into common shares.

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 September 30, 2016 or as of the date of this report.

Related Party Transactions

As at September 30, 2016 and December 31, 2015, the Company had the following amounts owed to related parties that are non-interest bearing, unsecured, and have no specified terms of repayment.

	2016 $	2015 $
Director fees payable [(1)]	79,400	97,350
Due to Rod Reum, a director and CEO for expense reimbursements, salary deferral holiday pay and loans.	191,950	108,058
Due to Nicolette Keith, CFO for expense reimbursements & holiday pay	30,263	27,090
Due to Paul Litchfield, a director and COO for loans	59,027	-
	360,640	232,498

(1) Director fees accrue at the rate of $2,000 per month for directors Vitor Fonseca, David Smalley (resigned October 2015), Peter Fuller, Paul Litchfield and Mark Bishop (appointed in November 2015). Director fees will be paid when the Company's operations become cash flow positive and the Company has sufficient free cash.

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 years ended September 30, 2016 and 2015 are as follows.

	2016 $	2015 $
Salaries and Other Short-Term Employee Benefits	835,185	682,132
Consulting Fees	41,360	112,714
Directors Fees (recorded in Corporate Governance, Transfer Agent & Filing Fees)	72,000	72,000
Professional Fees	-	15,539
	948,545	882,385

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

Third Quarter Discussion

The Company had a net comprehensive loss of $709 thousand for the three months ended September 30, 2016 compared to a loss of $802 thousand for the previous three months ended June 30, 2016. This loss is attributed primarily to the set up costs of the manufacturing division and decreased revenues of the Company's cleaning, decontamination and repair business. The Company has realigned this division and consolidated some operations in order to reduce costs and increase efficiencies. The Company also restructured its sales and manufacturers representation business which will reduce overhead costs.

Critical Accounting Estimates

During the period ended September 30, 2016, 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, 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
- IFRS 15: Revenue from Contracts with Customers
- IFRS 16: Leases

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:

- 78,504,372 common shares
- 31,036,585 share purchase warrants
- 1,314,017 finders' warrants
- 1,194,017 finders' unit warrants
- 5,392,500 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.