

Axios Mobile Assets Corp.
(the "Company")

**Management's Discussion and Analysis of Financial Condition and Results
of Operations for the Three Months Ended March 31, 2015
(Amended and Restated)**

Unless otherwise indicated, all monetary amounts are expressed in Canadian dollars. In this amended and restated management's discussion and analysis ("MD&A"), the words "we", "us", "our", or the "Company" we mean Axios Mobile Assets Corp. together with its subsidiaries, Axios Mobile Assets Inc. ("Axios Canada"), Axios Mobile Assets, Inc. ("Axios USA"), and Axios Logistics Solutions Inc.

This MD&A has been amended as of May 4, 2016 to reflect a restatement of the originally filed financial statements for the three months ended March 31, 2015 and 2014. Those financial statements have been re-stated to reflect adjustments identified during the preparation and audit of the 2015 year-end financial statements. The adjustments are summarized below:

- In the statements of financial position at March 31, 2015, adjustments were made to increase the pallet rental pool asset by \$275,673, to increase the derivative liability by \$209,847, to decrease the convertible debentures by \$81,733, to increase capital stock by \$666,702 and to increase contributed surplus by \$66,017.
- In the statements of loss and comprehensive loss for the three months ended March 31, 2015, adjustments were made to reduce pooling and freight services expense by \$288,525, to increase stock based compensation expense by \$661,740, to increase the loss on change in value of derivative liability by \$87,073, to increase professional fees by \$70,979, to increase accretion by \$35,282, and to increase interest expense by \$21,856.
- In the statements of loss and comprehensive loss for the three months ended March 31, 2014, adjustments were made to decrease depreciation expense by \$649,096, increase accretion expense by \$16,556, and increase interest expense by \$23,028 for the three months ended March 31, 2014.
- In the statements of cash flows for the three months ended March 31, 2015, an adjustment was made to increase the net change in accounts payable and accrued liabilities line by \$269,264, offset to the effect of foreign exchange on cash line.

In the re-stated financial statements, changes have also been made to the account groupings and presentation of the Interim Unaudited Condensed Consolidated Statements of Loss and Comprehensive Loss. Categories of operating expenses have been updated and expenses previously reported as cost of goods sold are now presented within operating expenses. Note disclosures have also been updated to be consistent with the re-stated financial statements.

Refer to note 13 in the re-filed financial statements for additional details regarding the adjustments.

Report Date

This MD&A is dated May 4, 2016. It is in respect of the three months ended March 31, 2015 and should be read in conjunction with the unaudited consolidated financial statements for the period then ended.

Overall Performance and Outlook

Overview

The Company provides a holistic supply chain solution featuring our engineered composite platform, industry proven service offerings, and a proprietary pallet and data management system. The Company's value proposition provides visibility and cost efficiencies to the stakeholders (including suppliers, retailers, freight providers) of any supply chain. Our physical asset and data management solution combined with an innovative sustainability protocol differentiates Axios from the rest of the industry.

The Company's predecessor, Axios Canada was incorporated under the *Business Corporations Act* (Ontario) (the "OBCA") on December 1, 2009 and the Company is the continuing company resulting from a reverse takeover of Microlab Online Inc. ("Microlab") by Axios Canada on March 26, 2010.

Microlab was incorporated under the OBCA on September 25, 1998 as "Active Investor Inc.", filed Articles of Amendment dated May 18, 1999 to change the name of the Company to "Microlab Online Inc." and filed Articles of Amendment dated March 18, 2010 to change the name of the Company to "Axios Mobile Assets Corp."

The Company's operating subsidiaries are Axios Canada, Axios USA, and Axios Logistics Solutions Inc. The subsidiaries are in the business of producing and supplying technology enabled engineered logistic product solutions. The first product solution developed is the AXIOS™ edge-rackable pallet (an "environmentally friendly" structural and trackable mobile assets platform).

Overall Performance

The Company launched its first pallet logistics pool in June 2014 with Trillium and Centrum Valley Farms located in Ohio and Iowa respectively. Four months after providing the farms with 4,000 pallets servicing two Retail distribution centers ("DC's") of one of the world's leading egg retailers the statistics clearly demonstrate that the Company's pooled lightweight pallet protocol solution clearly outperforms wood and plastic pallets that can carry the same loads -- most notably in the area of carbon emissions reduction, pooling operations and cleanliness.

Below is a recap of management's plan of operation and the current status of the plan (shown in bold):

- i. Obtain certification (FM Global — fire retardancy; and green protocols) for at least one initial product, a rackable 40" x 48" pallet — **FDA compliance, ISO 8611 durability tests and FM Global testing passed successfully — completed in 2014.**
- ii. Continue the brand development campaign: product differentiators - quality; economic and environmental benefits of its green protocols, utility of its tracking systems, and its overall value proposition, trademarks — **Phase I of the awareness campaign was completed in 2014. Phase II of the branding and social media campaign has started in 2014 and is ongoing.**
- iii. Complete tooling modifications and produce production pallets from a third party manufacturing site - **tooling of a pallet design is completed and production began during Q2 2014.**
- iv. Convince major end users of pallets to sign letters of intent to use Axios pallets, and to purchase units for commercial purposes. — **first commercial order began May 1, 2014.**
- v. Distribute at least 500 production intent pallets to potential customers for testing purposes. — **completed during Q2 2014.**
- vi. Convert at least one test customer to a formal contract to supply Axios pallets — **completed Q2 2014.**
- vii. Continue developing enhancements to software tracking systems to meet market needs — **Generation I of the software platform is complete. Enhancements to the platform are ongoing.**
- viii. Get into the pooling and logistics business — **Started Axios Logistics Solutions, Inc., added two pooling contracts in 2014 and the addition of several more are in process.**

Our plan of operation is prone to significant risks and uncertainties certain of which can have an immediate impact on our financial condition and results of operations. We expect to fund our growth through additional financings, although there is no certainty the same can be achieved, or achieved at reasonable cost or dilution. Upon completion of our

funding objectives we will continue to focus on our customer and market trials in order to have absolute certainty that we will be in a position to market our product effectively and meet the requirements of regulatory regimes worldwide.

Outlook

Logistics represent a vast, untapped opportunity for cost efficiencies, and retailers are looking for big data solutions. Axios offers an integrated platform that addresses critical supply chain management needs for tracking, monitoring, data collection, pooling and enabling measurable return on investment.

Management believes Axios is the first to provide both the pooling and pallet markets with a full-service pooling platform with a vertically integrated logistics and data offering. The Company's solution addresses unmet supply-chain needs in a seamless, scalable manner, with comparable capital requirements to that of a wooden pallet pool based on the current and projected asset utilization. The Company has taken the ubiquitous pallet commodity and turned it into a value-add logistics chain enabler for vendors and retailers, and although it is viewed as disruptive to the pooling industry, management believes the market is looking for this type of a technology shift and data solution within a full service offering.

By providing access to data through client dashboards, that has never been mined and introducing new units of measurement, the platform can drive efficiencies and process improvements.

Selected Annual Information

Audited data, for fiscal years ended December 31,	2014 \$	2013 \$	2012 \$
Revenue	72,721	307,841	35,554
Net loss before and after taxes	3,100,121	3,373,230	1,984,283
Basic & diluted loss per share	0.03	0.04	0.03
Total assets	7,163,932	6,405,366	7,239,401

Summary of Quarterly Results

Quarter	3/31/15	12/31/14	9/30/14	6/30/14	3/31/14	12/31/13	9/31/13	6/31/13
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	8,914	(71,445)	103,127	41,039	Nil	Nil	113,850	193,991
Net loss	2,100,045	1,367,786	45,622	838,080	848,633	690,399	1,426,840	664,149
Loss/share – basic & diluted	0.02	0.01	0.00	0.01	0.01	0.01	0.02	0.01

Result of Operations for the three months ended March 31, 2015

For the quarter ending March 31, 2015 a net loss of \$2,100,045 (2014 — \$848,633) was recorded. The net loss for the first quarter 2015 is higher as compared to the same quarter in the prior year; this reflects higher operational costs ramping up the Axios Logistics Solutions Inc. business in the United States.

Quarterly net losses over the periods noted above are affected by timing of certain administrative activities but generally do not vary significantly apart from expenses for stock based compensation. During the quarter ending March 31, 2015, management continues to ramp up its Axios Logistics Solutions Inc. business in the United States.

Additional Disclosure for Venture Issuers without Significant Revenue

Additional disclosure is contained in the financial statements to which this MD&A relates.

Disclosure of Outstanding Share Data

As of March 31, 2015 the Company has 209,207,777 common shares which includes 1,906,926 common shares to be issued; 79,776,515 warrants; 5,600,000 broker options; 148 broker units each exercisable into \$1,000 of convertible debt; and 15,874,688 options issued and outstanding.

- a) The 1,906,926 common shares to be issued relate to interest payable at March 31, 2015 that is payable in common shares.
- b) The warrants outstanding are summarized as follows:

Number of Warrants	Price	\$	Expiry Date
151,515		0.55	28-Dec-15
9,625,000		0.20	29-Dec-17
70,000,000		0.15	26-Mar-17
79,776,515		0.16	

- c) The broker options are described as follows:

In connection with the \$5,250,000 private placement in March 2015, 5,600,000 broker options were issued. Each broker option is exercisable into one unit at the offering price of \$0.075 at any time until March 25, 2017. Each unit includes one common share and a common share purchase warrant to acquire a common share at a price of \$0.15 at any time on or before March 25, 2017.

- d) The broker units are described as follows:

In connection with the December 29, 2014 convertible debenture offering, 148 broker units were issued. Each broker unit is exercisable into one debenture unit at the offering price of \$1,000. Each debenture unit is convertible into common shares at a per share price of \$0.10, along with 5,000 warrants. Each warrant enables the holder to purchase one Common Share at an exercise price of \$0.20. The debenture units and warrants both expire on December 29, 2017.

- e) The options issued and outstanding are summarized as follows:

Exercise Price	Number outstanding at March 31, 2015	Expiry date	Number exercisable at March 31, 2015
0.200	674,968	2016-01-01	674,968
0.400	750,000	2017-06-01	750,000
0.450	200,000	2017-07-20	200,000
0.200	4,599,720	2015-07-15	4,599,720
0.150	9,650,000	2020-03-01	4,825,000
0.180 **	15,874,688		11,049,688

** weighted average

f) The convertible debentures outstanding are as follows:

Debt issuance date	Principal \$	Balance outstanding	
		March 31, 2015	December 31, 2014
May 2013	460,000	-	386,585
Sept 2013	475,000	25,455	297,465
June 2014	525,000	4,346	391,920
Dec 2014	1,925,000	1,596,904	1,661,502
	3,385,000	1,626,705	2,737,472

In September 2013, the Company completed a convertible debenture offering and raised gross proceeds of \$475,000 of which \$25,455 remains outstanding. The debenture provided for 8% per annum interest, accrued and paid monthly, in arrears commencing with the first month of the second year. The debenture matures on September 3, 2016. The holder has the option to convert the debt at \$0.05 per common share at any time on or before the maturity date.

In June 2014 the Company completed a convertible debenture offering and raised gross proceeds of \$525,000. The debenture provided for 8% per annum interest, accrued and paid monthly, in arrears commencing with the first month of the second year. The debenture matures on September 3, 2016. The holder has the option to convert the debt at \$0.05 per common share at any time on or before the maturity date.

In December 2014 the Company completed an offering of convertible debenture units and raised gross proceeds of \$1,925,000. Each debenture unit consists of one debenture with a principal amount of \$1,000, and 5,000 common share purchase warrants. The debenture provides for 12% per annum interest, accrued and paid quarterly, in arrears. The debenture matures on December 29, 2017. The holder has the option to convert the debenture at \$0.10 per common share at any time on or before the maturity date. Each warrant enables the holder to purchase a common share for a period of three years from the date of issuance of the debentures at an exercise price of \$0.20.

- If at any time after March 31, 2015 the Company's volume weighted average share price is \$0.35 or more with an average daily volume of 30,000 Common Shares or more for 60 consecutive trading days on the Canadian Securities Exchange, or such other stock exchange on which the common shares may trade from time to time, the Company may, at its option, require on notice to the holders of the debentures that the debentures be converted into common shares.
- The expiry date of the warrants may be accelerated by the Company in the event that the closing price of the outstanding common shares on the Canadian Securities Exchange, or such other stock exchange on which the common shares may trade from time to time, is greater than \$0.70 with an average daily volume of 30,000 common shares for a period of 60 consecutive trading days at any time after March 31, 2015. If the Acceleration Event occurs the Company may, at its option, accelerate the expiry date of the warrants by giving notice to the holders thereof and in such case the warrants will expire at 4 p.m. (Toronto time) on the date which is the earlier of: (i) the 30th day after the date on which such notice is given by the Company in accordance with the terms of the warrants; and (ii) the actual expiry date of the warrants.
- The Company may redeem the debentures at any time subsequent to the one-year anniversary of the issuance date at a price that is 104% of the principal amount of the debenture plus accrued but unpaid interest upon the provision of 15 days' notice to the holders of the debentures.

- The holders may call for the redemption of the debentures at any time subsequent to the 18-month anniversary of the closing date at a price that is equal to the principal amount of the debenture plus accrued but unpaid interest.

Liquidity and Capital Resources

At March 31, 2015 the Company had cash on hand of \$3,997,697 (December 31, 2014 - \$1,428,848) and working capital of \$1,714,828 (December 31, 2014 — working capital deficiency of \$1,469,273).

Additional funding is required for the Company to continue operations. Management believes that it has the ability to raise sufficient funds for the continuation of operations. While management has been historically successful in raising the necessary capital, we cannot provide any assurance that such additional financing will be available or that, if available, it can be obtained on terms favourable to our shareholders and the Company. In addition, any equity financing would result in dilution to our shareholders and any debt financing could involve restrictive covenants with respect to future capital raising activities or other financial or operational matters. Our inability to obtain adequate funds will adversely affect our operations and the ability to implement our plan of operation.

Transactions with Related Parties

During the three months ended March 31, 2015, the Company had the following related party transactions:

Director's fees, professional fees and other compensation in the amount of \$675,641, which included \$458,473 of share based compensation (2014 - \$179,329, which included \$23,286 in share-based compensation), was paid to directors and key management personnel in the form of short term salaries and benefits.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key executives is determined by the compensation committee.

During the three months ended March 31, 2015:

- The Company loaned an amount of \$50,000 to Mobius Business Solutions, LLC, a company controlled by a director of the Company; the loan was repaid with interest in the amount of \$50,748.
- A loan from Axsense Inc., a company owned approximately 25% by two directors of the Company, was repaid in the amount of \$100,000. The loan was outstanding at December 31, 2014.
- A director of the Company surrendered 100,000 common shares for nil proceeds. The shares had been issued inadvertently and had not been approved by the stock exchange, hence they were returned to the Company.
- The Company recorded expenses related to shares issued during 2014 for administrative services provided by a company controlled by an officer of the Company. The fair value of the shares granted was recorded over the 1-year period of the arrangement, with \$200,000 recorded in 2014 and \$70,979 recorded in the three months ended March 31, 2015.
- Included in accounts payable and accrued liabilities at March 31, 2015 was \$961,097 owing to directors, and officers, and companies owned by directors and officers.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Subsequent Events

The following events occurred subsequent to March 31, 2015:

(a) On April 3, 2015 the Company reached an agreement to settle outstanding debt of \$781,345 owed to outside directors, consultants and accrued wages to employees to the company in exchange for 10,417,936 units of the Company. Each unit consists of one common share at \$0.075 and one common share purchase warrant. Each whole warrant entitles the holder thereof to acquire one common share at a price of \$0.15 until April 1, 2017.

(b) On April 13, 2015 1,375 convertible unsecured debenture units were issued at a price of \$1,000 per debenture unit to raise aggregate gross proceeds of \$1,375,000. Each \$1,000 debenture unit consists of (a) one debenture with a principal amount of \$1,000 and convertible into common shares at a price of \$0.10 per common share, and (b) 5,000 common share purchase warrants. Each whole warrant entitles the holder thereof to acquire one common share at a price of \$0.20 for 3 years from date of issue, subject to acceleration if the closing price of the outstanding common shares is greater than \$0.70 with an average daily volume of at least 30,000 common shares for a period of 60 consecutive trading days at any time after August 13, 2015. A cash commission equal to 8% of the gross proceeds of the offering was paid, and broker options entitling the holders to purchase up to 93.2 debenture units at \$1,000 per debenture unit until April 13, 2018 were issued in connection with the closing of the offering.

(c) On April 13, 2015 2,000,000 equity units were issued at a price of \$0.075 per unit to raise aggregate gross proceeds of \$150,000. Each unit consists of one common share and one common share purchase warrant. Each whole warrant entitles the holder thereof to acquire one common share at a price of \$0.15 for 2 years from date of issue. Agents for the transaction received cash commission equal to 8% of the gross proceeds, and broker options entitling the agents to purchase an aggregate of up to 160,000 units at \$0.075 per unit until April 13, 2017.

(d) On May 13, 2015 the Company announced that it had acquired Mobius Logistics, Inc. ("Mobius"), an industry-leading supply chain, freight and management services provider. The purchase price was satisfied by US\$300,000 cash and 2,000,000 common shares of Axios with a value of \$0.15 per share. A director of Axios is also a director of Mobius, hence the transaction is a related party transaction. The independent board members of the Company reviewed and considered the acquisition, obtained independent advice and thereby satisfied themselves as to the desirability of the transaction.

(e) On September 11, 2015 the Company closed a 4-month short-term bridge loan in the amount of \$2,001,750. The loan is secured by the assets of the Company, matures January 11, 2016 and bears interest at 1% per month. Should the Company assume a loan with the Economic Development Corporation, or another lender, in an amount of at least \$2,000,000 then the bridge loan would be re-paid at that time.

The agent received a cash commission equal to 1% of the gross proceeds in the amount of \$20,017, the participants received, pro rata, a stock bonus of 2,669,000 common shares valued at \$26,874, and legal expenses in the amount of \$12,251 were incurred.

(f) On September 14, 2015 4,849,720 options were granted at \$0.15 per share; 50% of the options vested immediately, and 12.5% vested on the each of the next four anniversary dates. The estimated fair value of the stock options was valued at \$351,687, using the Black-Scholes option pricing model based on the following weighted-average assumptions: expected dividend yield 0%, expected annual volatility 150%, risk-free interest rate 0.53%, and an expected average life 5 years.

(g) Effective October 22, 2015 the Company completed a consolidation of its issued and outstanding share capital on the basis of one post consolidation share for each ten pre consolidation common shares.

(h) On November 25, 2015 Axios Mobile Assets Inc. arranged a \$3,000,000 loan with the EDC. The loan bears interest at an annual rate of 8%. Axios Mobile Assets Inc. provided a general security agreement whereby EDC was granted a first ranking priority security interest over all of Axios Mobile Assets Inc.'s present and after-acquired personal and

movable property. As well, guarantees were provided by Axios Mobile Assets Inc., Axios Mobile Assets Corp., Axios Mobile Assets, Inc., and Axios Logistics Solutions Inc. Proceeds of the loan were immediately used to repay the \$2,001,750 bridge loan obtained on September 11, 2015.

(i) On December 21, 2015, the Company completed the acquisition of Axsense. It was acquired to enhance the technology associated with the Company's pallets. Under the terms of the acquisition, the outstanding common shares of Axsense were purchased for 2,777,778 units of the Company. Each unit consisted of one common share and one warrant entitling the holder to purchase one common share at \$1.50 at any time until December 21, 2018.

(j) On December 21, 2015 the Company raised gross proceeds of \$14,232,346 under a private placement of 15,813,717 units. Each unit was issued at a price of \$0.90 and consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$1.50 per share until December 21, 2018.

(k) On December 23, 2015 an aggregate of 1,426,500 options were issued with each such option entitling the holder to acquire one Common Share at an exercise price of \$1.00 for a period of five years. Twenty percent of the options vest on December 23, 2016 with the remaining options vesting in equal monthly increments thereafter for 48 months. The estimated fair value of the stock options was valued at \$1,160,026, using the Black-Scholes option pricing model based on the following weighted-average assumptions: expected dividend yield 0%, expected annual volatility 150%, risk-free interest rate 0.53%, and an expected average life 5 years.

Financial Instruments

Fair value of financial instruments

The Company's financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities. The fair value of these financial instruments approximate carrying value due to their current nature.

Financial risk

The Company's activities expose it to a variety of financial risks: liquidity risk and market risk (including interest rate risk and foreign exchange risk).

Risk management is carried out by the Company's management team with guidance from the Board of Directors.

a. Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and accounts receivable and other receivables. All of the Company's cash is held with well known and established financial institutions. As such, management considers credit risk related to these financial assets to be minimal. Management believes that the credit risk concentration with respect to financial instruments included in accounts receivable and other receivables is remote. As at March 31, 2015, accounts receivable and other receivables are not considered impaired or past due. Accounts receivable and other receivables consist primarily of Harmonized Sales Tax credits, which are expected to be fully recoverable by the Company.

b. Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to capital markets is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at March 31, 2015, the Company has

cash of \$3,997,697 (December 31, 2014 — \$1,428,848) to settle current liabilities of \$2,595,213 (December 31, 2014 — \$3,069,034). All of the Company's financial liabilities, except notes payable, derivative liabilities and convertible debt, have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

c. Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

Interest rate risk

Fluctuations in market rates of interest do not have a significant impact on the Company's results of operations. The Company's cash includes highly liquid investments that earn interest at market rates and interest paid on the Company's convertible debentures is based on a fixed interest rate. The Company's current policy is to invest excess cash in guaranteed investment certificates or interest bearing accounts of major Canadian chartered banks. The Company regularly monitors compliance with its cash management policy.

Foreign currency risk

As of March 31, 2015, the Company funds certain operations and administrative expenses in the United States on a cash call basis using US dollar currency converted from its Canadian dollar bank accounts held in Canada. The Company maintains US bank accounts and is subject to gains and losses from fluctuations in the Canadian dollar and United States dollar.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve-month period:

- (i) Cash is subject to fixed interest rates. Management believes interest rate risk is minimal.
- (ii) The Company holds balances in foreign currencies, which could give rise to exposure to foreign exchange risk. Management believes a plus or minus 10% change in foreign exchange rate against the US Dollar would have a minimal effect on reported (loss) income and comprehensive (loss) income as minimal balances are held in foreign currencies.

Significant accounting judgments and estimates

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

The following are the critical judgments that have been made in applying the Company's accounting policies and that have the most significant effect on the amounts in the consolidated financial statements:

Income taxes and recovery of deferred tax assets

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements.

Intangible assets

Judgment is required in determining whether costs incurred relating to the ongoing development of intangible assets meet the criteria for capitalization. In making this determination management assesses whether costs represent improvements to the underlying assets and whether the intangible assets are able to generate probable future economic benefits for the Company.

Going Concern

The assessment of the validity of the going concern assumption, given facts and circumstances described in Note 1 to the financial statements, requires significant judgment by management relating to the Company's ability to achieve profitable operations, raise debt and/or equity financing in the future and meet its obligations as they come due.

The Company makes estimates and assumptions that affect the carrying amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from estimates. The estimates and assumptions that are critical to determining the amounts reported in the consolidated financial statements relate to the following:

Impairment of assets

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. The recoverable amount is the greater of value-in-use and fair value less costs to sell. Determining the value-in-use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value. As at June 30, 2015 and December 31, 2014, the Company did not record any impairment of non-financial assets.

Useful life of property and equipment and intangible assets

Property and equipment and intangible assets are amortized over the estimated useful life of the assets. Changes in the estimated useful lives could significantly increase or decrease the amount of amortization recorded during the period.

Share-based compensation

The Company is required to make certain estimates when determining the fair value of stock option awards and the number of awards that are expected to vest. These estimates affect the amount recognized as share-based compensation in the consolidated statements of loss and comprehensive loss.

Warrants

The Company is required to make certain estimates when determining the fair value of warrants. The Company uses the Black-Scholes pricing model to determine the fair value. The Black-Scholes option-pricing model requires the input of subjective assumptions, such as stock price volatility.

Convertible Debentures

The holder has the right to convert the convertible debentures into equity. Accordingly, the Company bifurcates the debentures between liabilities and equity. The conversion feature is recognized initially at its fair value, as a component of equity. In determining the fair value of the liability the Company estimates the market rate of the liability with the absence of a conversion feature.

Accounting Standards Issued but not yet Effective

The Company has identified new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Company:

IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement, and is currently being developed in stages by the IASB. The IASB has decided to delay implementation until periods beginning on or after January 1, 2015, with early application permitted. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. IFRS 9 has also been amended not to require the restatement of comparative period financial statements for the initial application of the classification and measuring requirements of IFRS 9, but instead requires modified disclosures on transition to IFRS 9. The Company has not early adopted this standard and is currently assessing the impact that this standard will have on the consolidated financial statements.

Risk Factors

The business of the Company is of producing and supplying an "environmentally friendly" structural and trackable technology enabled mobile assets platform (pallets). There are a number of inherent risks associated with such a business and its development. Many of these risks are beyond the control of the Company.

Stage of Development

The Company is a development stage company, subject to all the risks and uncertainties inherent in a new business and the development and sale of new products. As a result, it still must establish many functions necessary to operate a business, including finalizing its administrative structure, continuing product development, assessing and commencing its marketing activities, implementing financial systems and controls and personnel recruitment.

Accordingly, investors should consider the Company's prospects in light of the costs, uncertainties, delays and difficulties frequently encountered by companies in the early stages of development. Investors should carefully consider the risks and uncertainties that a company with a limited operating history will face. In particular, potential investors should consider that the Company cannot assure that it will be able to:

- successfully implement or execute its current business plan, or that its business plan is sound;
- maintain its management and advisory team;
- raise sufficient funds in the capital markets to effectuate its business plan;
- determine that the processes and technologies that it has developed are commercially viable;
- attract, enter into or maintain contracts with, and retain customers; and/or
- compete effectively in the extremely competitive environment in which it operates.

If the Company cannot successfully execute any one of the foregoing, the business may not succeed.

Additional Financing Requirements

The Company will be dependent on raising additional capital to fund its operations. The exact amount of future capital requirements will depend on numerous factors. Any future financings may result in substantial dilution to the holdings of current shareholders of the Company and could have a negative impact on the market price of its Common Shares. There can be no assurance that additional financing, when required, will be available on commercially reasonable terms or at all. If adequate funds are not available or are not available on acceptable terms, the Company may not be able to fund its operations and/or research and development programs or take advantage of strategic opportunities. Such inability to obtain additional financing when needed could have a material adverse effect on the Company's business, results of operations, cash flow, financial condition and prospects.

Economic Dependence on a Limited Number of Customers

The Company's revenue is derived from a limited number of customers. The Company's ability to continue to generate revenue depends on its ability to regularly renew these contracts and enter into contracts with new customers. The Company's ability to renew existing contracts and enter into new contracts in turn depends to a great degree on the quality of product manufactured and technology developed for its customers.

The Company's reputation among customers is critical for the growth and success of its business. Any perception that it does not provide satisfactory customer service, even if factually incorrect or based on isolated incidents, could damage the Company's reputation, undermine the trust and credibility it has established and have a negative impact on its ability to attract new, or retain existing, customers and enter into new markets or sectors.

Start-Up Losses

The Company is not expected to be profitable initially; furthermore, there is no assurance that the Company will ever operate profitably.

Reliance on Management

The success of the Company is currently dependent on the performance of its executive officers. The loss of the services of these persons would have a material adverse effect on the business and prospects in the short term. There is no assurance the Company can maintain the services of its officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

Conflicts of Interest

Certain of the directors and officers of the Company also serve as directors and/or officers of other companies involved in the manufacturing and software development industries. To the extent that such other companies may participate in ventures which the Company may participate there exists the possibility for such directors and officers to be in a position of conflict. Such directors and officers have duties and obligations under the applicable corporate and securities laws to act honestly and in good faith with a view to the best interests of the Company and its shareholders. Accordingly, such directors and officers will declare and abstain from voting on any matter in which such director and/or officer may have a conflict of interest.

Price Point

The Axios product is priced above the cost of a wooden pallet. The Company believes that the overall lifetime cost of its product is cheaper than its competitors, but there is no assurance that its potential customers will change their value propositions to pay more now, to save money over the life of a pallet. The Company also rents pallets into pallet pools, on this basis the price point is competitive with a wood pallet rental.

Market Risk

The Company is moving into a well-established market with a new product. Consequently, its competitors are the incumbents with each potential customer. The Company has an untried distribution chain, which may not be successful in converting customers to its products.

Failure to Patent the Material Composition

Axios has relied on trade secret protection for its competitive advantage. The Company determined that patent protection could not adequately occupy the entire field, and would give its competitors too great an opportunity to see how Axios does what it does, and to design around the patents. There is no assurance that a competitor could not reverse engineer Axios' designs and formulae.

Sales Model

The Company believes that targeting large end users for pallet and pooling sales will enable Axios to penetrate the market for pallets. It believes that its pallets can differentiate markets for some end users, achieving volume sales for Axios to entities sufficiently funded to pay the capital cost required. Axios is required to sell the pallets and pooling services across the entire supply chain enterprise from getting approval to use from Retailer to approval of purchase or rental from vendor. There is no assurance the Company's strategy will be successful, and if it is not successful, Axios will be shut out of major markets.

Production Issues

The Company has not produced pallets in commercial quantities. There may be delays in completing the manufacturing facilities, and production difficulties in the initial phases of start-up manufacturing and in scaling production to commercial quantities. There is no assurance that such issues will not arise and if they do, they may have a material impact on the financial performance of the Company.

Material Shortages

Axios uses a commercial polyester and / or soy resin, natural structural based materials, and calcium carbonate filler. Commodity shortages (weather, shipping delays, labour disruptions, competition for supplies) could affect Axios' ability to scale production or to produce product on a timely basis.

Commodity Price Fluctuations

Our production costs are subject to fluctuations in prices of the natural commodities used in production of pallets. The price of these commodities has fluctuated in recent years and it affected by factors beyond the control of the Company. These factors would impact the viability of the Company's business.

Protection of Intellectual Property Rights

The Company's success depends, in part, upon non-infringement of intellectual property rights owned by others and being able to resolve claims of intellectual property infringement without major financial expenditures or adverse consequences. Participants that own, or claim to own, intellectual property may aggressively assert their rights. From time to time, the Company may be subject to legal proceedings and claims relating to the intellectual property rights of others.

Future litigation may be necessary to defend the Company or its clients by determining the scope, enforceability, and validity of third-party proprietary rights or to establish its proprietary rights. Some third party entities have substantially greater resources and are able to sustain the costs of complex intellectual property litigation to a greater degree and for longer periods of time. Regardless of whether claims that the Company is infringing patents or other intellectual property rights have any merit, these claims are time-consuming and costly to evaluate and defend and could:

- adversely affect relationships with future clients;
- cause delays or stoppages in providing products or services;
- divert management's attention and resources;
- require technology changes to its products that would cause the Company to incur substantial cost;

- subject the Company to significant liabilities; and
- require the Company to cease some or all of its activities.

In addition to liability for monetary damages, which may be tripled and may include attorneys' fees, or, in some circumstances, damages against clients, the Company may be prohibited from developing, commercializing, or continuing to provide some or all of its products unless it obtains licenses from, and pays royalties to, the holders of the patents or other intellectual property rights, which may not be available on commercially favourable terms, or at all.

Furthermore, the Company may be required to protect its intellectual property rights being violated may be a costly and time consuming process, which may have the effect of diverting resources from development of the Company's business resulting in a material adverse effect on the Company's operating results.

Technology Rollout

Axios' tracking technology has been tested on a small scale. Further refinements are ongoing. There are no assurances that the tracking technology will be accepted in the marketplace or that it will achieve the intended results in all physical conditions and uses. Some limitations on the effectiveness of our technology will not be known before we have had significant use of our products in the field.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Internal Controls and Procedures

Management of the Company has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the financial statements of the Company do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented thereby, and (ii) the financial statements of the Company fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented. However, as a venture issuer, the certifying officers of the Company filing such financial statements do not make any representations relating to the establishment and maintenance of:

- controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's accounting principles.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis disclosure controls and procedures, and internal controls over financial reporting, may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Current Global Financial Conditions

Current global financial conditions have been subject to increased volatility and numerous financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to public financing has been negatively impacted by both sub-prime mortgages and the liquidity crisis affecting the asset-backed commercial paper market. These factors may impact the ability of the Company to obtain equity or debt financing in the future and, if obtained, on terms favourable to it. If these increased levels of volatility and market turmoil continue, the operations of the Company could be adversely impacted and the value and the price of the Company's Common Shares and other securities could be adversely affected.

Management's Responsibility for the Financial Statements

The information provided in this MD&A, including the Financial Statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying Financial Statements.

In contrast to the certificate required under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware of the inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis. DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Forward Looking Statements

This MD&A may contain "forward-looking statements" within the meaning of applicable Canadian securities legislation and the *United States Private Securities Litigation Reform Act of 1995*. These forward-looking statements are made as of the date of this document and the Company does not intend, and does not assume any obligation, to update these forward-looking statements. All statements, other than statements of historical facts, 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, competitive 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" and similar expressions are intended to identify forward-looking statements. 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. Such factors include, among others, risks related to potential joint venture operations, actual results of current activities, unavailability of financing, 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 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.

Additional Information

Additional regulatory filings for the Company can be found on the SEDAR website at www.sedar.com and the Company's website can be found at www.axiosma.com.