

Table of Contents

Forward Looking Statements	2
Non-IFRS Measures	3
Basis of Presentation	4
Overview of Redishred Capital Corp.	4
Worldwide locations	5
Performance Compared to 2015 Goals and Objectives	7
Goals and Objectives for 2016	8
Overall Performance	10
Selected Financial Data and Results of Operations	10
System Sales	11
Franchising & Licensing	16
Total Franchising Revenue	16
Consolidated Operating Expenses	16
Amortization – Franchising	16
Corporate Operations	17
Depreciation and Amortization	18
Operating income (loss)	18
Foreign exchange	18
Interest income and expense	19
Income Tax	19
Reconciliation of Operating income to Net income	19
Net income	19
Selected Quarterly Results	20
Balance Sheet	21
Reversal of Impairment of Intangible Assets	22
Financial Condition, Capital Resources and Liquidity	22
Equipment	23
Off-Balance Sheet Financing Arrangements	23
Transactions with Related Parties	24
Risks and Uncertainties	25
Use of estimates and judgements	27
Investor Relations Activities	28
Share Data	28

Overview of the Structure of the MD&A

The following management's discussion and analysis ("MD&A") for Redishred Capital Corp. (the "Company" or "Redishred") has been prepared by management and focuses on key statistics from the consolidated financial report and pertains to known risks and uncertainties. To ensure that the reader is obtaining the best overall perspective, this MD&A should be read in conjunction with material contained in the Company's audited consolidated financial statements for the years ended December 31, 2015 and 2014. Additional information on Redishred, including these documents and the Company's 2015 Annual Report are available on SEDAR at www.sedar.com. The discussions in this MD&A are based on information available as at April 28, 2016.

Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Often, but not always, forward-looking reports can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking reports 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 the forward-looking statements. In particular, certain reports in this document discuss Redishred's anticipated outlook of future events. These reports include, but are not limited to:

- (i) the Company's ability to achieve certain levels of cash flow and earnings before interest, taxes, depreciation and amortization ("EBITDA") as well as meet its financial obligations as they come due over the next twelve months, which may be impacted by:
 - a. the growth of the system sales achieved by existing and new locations,
 - b. the growth of sales achieved in corporate locations,
 - c. the economic circumstances in certain regions of the United States,
 - d. the level of corporate overhead,
 - e. the number of new franchises awarded,
 - f. the size of franchise territories awarded,
 - g. number and size of acquisitions,
 - h. the exchange rate fluctuations between the US and Canadian dollars
 - i. the outcome of potential litigation,
- (ii) anticipated system sales, royalty revenue and corporate store revenue, which may be impacted by industry growth levels which to date have been driven by favourable legislation and favourable media coverage on the impacts of identity theft and corporate security issues;
- (iii) recycling revenues may be impacted by commodity paper prices which will vary with market conditions both in the United States and Internationally;
- (iv) the anticipated corporate results which may be impacted by the ability of the Company to attain the anticipated sales and efficiencies; and by the performance of the local economies;
- (v) the awarding of franchises and licences, which is subject to the identification and recruitment of candidates with the financial capacity and managerial capability to own and operate a Proshred franchise or licence;
- (vi) the commencement of new franchise and/or licenced operations which may be delayed by the inability of the franchisee to comply with the franchise agreement terms and conditions post execution;

- (vii) acquisition activity may be impacted by the level of financing that can be obtained, the identification of appropriate assets and agreement of suitable terms;

These forward-looking reports should not be relied upon as representing the Company's views as of any date subsequent to the date of this document. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking reports 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. The factors identified above are not intended to represent a complete list of the factors that could affect the Company.

Non-IFRS Measures

There are measures included in this MD&A that do not have a standardized meaning under International Financial Reporting Standards ("IFRS") and therefore may not be comparable to similarly titled measures presented by other publicly traded companies. The Company includes these measures as a means of measuring financial performance.

- System sales are revenues generated by franchisees, licensees and corporately operated locations. The system sales generated by franchisees and licensees drive the Company's royalties. The system sales generated by corporate locations are included in the Company's revenues.
- Same store system sales results, royalty fees and corporate operational results are indicators of performance of franchisees, licensees and corporately operated locations that have been in the system for equivalent periods in 2015 and 2014.
- EBITDA is defined as earnings before interest, taxes, depreciation and amortization, or reversal of impairment and gains or losses on sale of assets. EBITDA is a performance measure used to assess the corporate locations' performance.
- Corporate operating income (loss) is the income (loss) generated by corporately operated locations. The operating income (loss) generated is inclusive of depreciation on tangible equipment, primarily trucks and containers. It does not include amortization related to intangibles assets or allocations for corporate overhead. The corporate operating income (loss) also includes the interest related to the Company's line of credit utilized to purchase the corporately operated locations.
- Operating income (loss) is defined as revenues less operating costs, interest expense, depreciation and amortization related to tangible assets. Depreciation and amortization for intangible assets has not been included in this calculation.

Basis of Presentation

All financial information reported in this MD&A is presented under IFRS as Generally Accepted Accounting Principles ("GAAP"). The Company's presentation currency is the Canadian dollar. The functional currency of the Company's foreign subsidiaries is the U.S. dollar, as it is the currency of the primary economic environment in which they operate.

Overview of Redishred Capital Corp.

Redishred Capital Corp., based in Mississauga, Ontario, Canada operates the Proshred business (defined as the business of granting and managing franchises in the United States and by way of a master license arrangement in the Middle East) as well as operates corporate shredding businesses directly. The Company's plan is to grow its business by way of both franchising and the acquisition and operation of document destruction businesses that generate stable and recurring cash flow through a scheduled client base, continuous paper recycling, and concurrent unscheduled shredding service.

As of December 31, 2015, there were 27 operating Proshred locations in the United States comprised of 117.4 territories. A territory in the United States is defined as a geographic area with 7,000 businesses having 10 or more employees. A franchise is defined as the right, granted by the Company, to operate a Proshred business in a certain geographic area(s). The Company operates 6 Proshred locations directly, including Syracuse, Albany, Milwaukee, New York City, Charlotte and Miami.

As of December 31, 2015, the Company also has one international master license to operate in the Middle East¹. There are seven Proshred locations in operation in the Middle East, including Doha, Qatar, Dubai, UAE, Abu Dhabi, UAE, Riyadh and Jeddah, Saudi Arabia, Beirut, Lebanon and Muscat, Oman.

¹ Middle East license includes Gulf Cooperation Council countries of Saudi Arabia, Kuwait, Bahrain, Qatar, The United Arab Emirates, the Sultanate of Oman and the Republic of Yemen, in addition to, the Eastern Mediterranean Levant Countries of Turkey, Syria, Lebanon, Palestine, Jordan, Iraq, and Egypt including the islands of Crete, Cyprus, Rhodes, Chios and Lesbos.

**REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

The Company's location list is as follows:

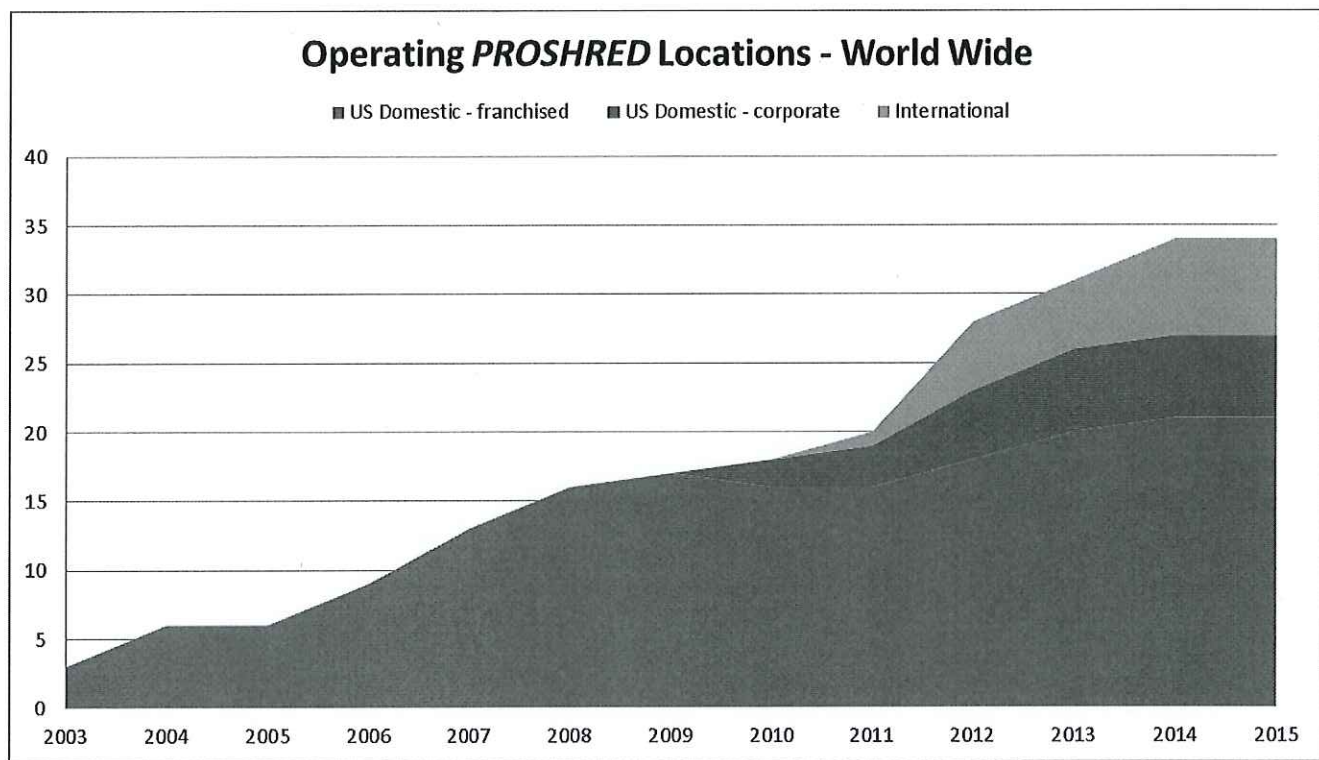
<u>No.</u>	<u>Franchise locations</u>	<u>Operating since</u>	<u>Territories</u>
1.	SPRINGFIELD, MA	June 2003	2.3
2.	TAMPA BAY, FL	March 2004	2.1
3.	DENVER, CO	August 2004	3.8
4.	PHILADELPHIA, PA	September 2006	5.0
5.	KANSAS CITY, MO	December 2006	4.0
6.	NEW HAVEN, CT	April 2007	3.6
7.	CHICAGO, IL (includes North and South Territories)	April 2007	7.2
8.	RALEIGH, NC	June 2007	4.7
9.	BALTIMORE, MD (includes Washington, DC)	November 2007	6.7
10.	N. VIRGINIA, VA	July 2008	3.8
11.	ORANGE COUNTY, CA	September 2009	3.0
12.	SAN DIEGO, CA	October 2010	2.9
13.	INDIANAPOLIS, IN	June 2011	2.6
14.	ATLANTA, GA	January 2012	6.3
15.	PHOENIX, AZ	January 2012	4.2
16.	DALLAS, TX	March 2012	6.3
17.	HOUSTON, TX	November 2012	5.7
18.	RICHMOND, VA	March 2013	3.2
19.	SAN FRANCISCO/SAN JOSE, CA	October 2013	6.3
20.	SEATTLE, WA	October 2013	3.4
21.	SOUTHERN NEW JERSEY	May 2014	3.6
<i>Franchised territories in operation</i>			<u>90.70</u>
<u>No.</u>	<u>Corporate locations</u>	<u>Operating since</u>	<u>Territories</u>
22.	SYRACUSE, NY	March 2004 ⁽¹⁾	2.5
23.	ALBANY, NY	April 2003 ⁽¹⁾	1.2
24.	MILWAUKEE, WI	August 2003 ⁽¹⁾	2.7
25.	NEW YORK CITY, NY (includes Long Island, NY)	January 2008 ⁽¹⁾	11.3
26.	MIAMI, FL	June 2008 ⁽¹⁾	5.7
27.	CHARLOTTE, NC	April 2006 ⁽¹⁾	3.3
<i>Corporate territories in operation</i>			<u>26.7</u>
<u>No.</u>	<u>Pending location at December 31, 2015</u>	<u>Opened</u>	<u>Territories</u>
28.	MINNEAPOLIS, MN (Franchise location)	February 2016	2.7
Grand Total (including pending)			<u>120.1</u>

(1) Syracuse has been corporately operated since May 1, 2010; Albany has been corporately operated since July 1, 2010; Milwaukee has been corporately operated since January 1, 2011 and New York City has been corporately operated since January 1, 2012. The Charlotte, NC location has been corporately operated since July 31, 2013. The Miami, FL business has been corporately operated since January 1, 2014.

**REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

No.	International locations	Operating since
1.	DOHA, QATAR	September 2011
2.	DUBAI, UAE	January 2012
3.	ABU DHABI, UAE	June 2012
4.	RIYADH, SAUDI ARABIA	December 2012
5.	JEDDAH, SAUDI ARABIA	December 2012
6.	BEIRUT, LEBANON	July 2014
7.	MUSCAT, OMAN	September 2014

Worldwide locations



(1) The information prior to the March 17th, 2008 qualifying transaction was obtained from the predecessor Company.

Performance Compared to 2015 Goals and Objectives

In the Company's 2014 Annual Report, management stated its 2015 goals and objectives. A review of the Company's performance in meeting these goals and objectives is included below:

2015 Goals and Objectives	Performance during the three and twelve months December 31, 2015	Comments
<p>Grow system sales from all locations by 10% to \$22.6M USD compared to 2014.</p>	<p>Total system sales were \$6.3M USD during the fourth quarter of 2015 growing by 15% over the comparative 2014 period. Redishred's:</p> <ul style="list-style-type: none"> • scheduled system sales grew by 20% (same store sales grew by 19%); • unscheduled system sales grew by 18% (same store sales grew by 18%); • recycling system sales declined by 3% (same store sales declined by 3%). <p>During the year ended December 31, 2015, system sales grew by 21%, in comparison to 2014, to a total of \$24.9M USD. Redishred's:</p> <ul style="list-style-type: none"> • scheduled (recurring) system sales grew by 21% (same store sales grew by 19%); • unscheduled system sales grew by 22% (same store sales grew by 21%); • recycling system sales grew by 18% (same store sales increased by 18%). 	<p>Redishred exceeded its annual goal.</p>
<p>Award at least four franchise locations.</p>	<p>During the year ended December 31, 2015, the Company awarded one new franchise location.</p> <p>The Company completed an acquisition on December 31, 2015 in South Florida as part of its development efforts.</p>	<p>Redishred continues to actively target business brokers with the view to find qualified franchisee candidates.</p> <p>Redishred did not attain its goal.</p>
<p>Achieve a minimum of \$2.35M CAD in EBITDA from existing Corporate locations (Syracuse, Albany, Milwaukee, New York City, Charlotte and Miami).</p>	<p>Redishred earned \$2.53M CAD in EBITDA from its Corporate locations during the year ended December 31, 2015.</p>	<p>Redishred exceeded its annual goal.</p>

Goals and Objectives for 2016

Management has set new objectives for 2016 as follows:

1. Grow system sales from all locations by 10% over fiscal 2015 to a total of \$27.4 million USD.
2. Award at least two franchise locations and complete one acquisition.
3. Generate \$2.8M CAD in earnings before interest, taxes, depreciation and amortization ("EBITDA") from operations.

2016 Goals and Objectives	Strategy for Achieving Goals
Grow system sales from all locations by 10% to \$27.4M USD compared to 2015.	<p>Provide support to franchisees and corporate store locations in the following areas:</p> <ol style="list-style-type: none"> 1. On-line marketing tactics 2. Sales best practices 3. Route optimization 4. Client service techniques <p>Additionally the Company will continue to invest in its Web properties with a view to increasing lead flow.</p>
Award at least four franchise locations and complete one acquisition.	<p>Continue to invest in the following areas:</p> <ol style="list-style-type: none"> 1. Developing deeper relationships with business and franchise brokers. 2. Attending key broker events. 3. Targeting key markets for acquisitions.
Achieve a minimum of \$2.8M CAD in EBITDA from operations.	<p>Management will focus on three key areas to drive profitability, (1) increased sales and web based marketing activities; (2) continued focus on route optimization using GPS, routing technologies and handheld technologies, and (3) the addition of new incremental services such as hard drive destruction and document scanning.</p>

**REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

Selected Annual Information

	2015	2014	2013
	\$	\$	\$
Revenue	7,678,025	6,174,783	4,669,083
Net income (loss)	892,239	242,795	(40,467)
Net income (loss) per share – basic	0.03	0.01	0.00
Net income (loss) per share – diluted	0.03	0.01	0.00
Total assets	10,713,530	9,049,505	8,983,915
Total non-current financial liabilities	8,043,134	7,820,483	8,127,095
Dividends	-	-	-

Revenues have increased due to increased system sales resulting in higher royalty and service fees, the strength of the US dollar versus the CAD dollar and improved sales performance at the corporate owned operations.

Total assets have increased in 2015 due to the acquisition of the assets of Recordshred Inc. on December 31, 2015 and the strength of the US dollar versus the CAD dollar.

**REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

Overall Performance

Selected Financial Data and Results of Operations

The following table shows selected financial data for the 3 and 12 months ended December 31, 2015 and 2014.

	3 months ended December 31			12 months ended December 31		
	2015	2014	% change	2015	2014	% change
	\$	\$		\$	\$	
System sales (USD)	6,246,162	5,420,366	15%	24,883,674	20,637,010	21%
Total Revenue	2,105,982	1,570,967	34%	7,678,025	6,174,783	24%
Corporate location data:						
Corporate location revenue	1,549,379	1,257,312	23%	5,921,381	4,925,509	20%
Corporate location operating costs	(922,668)	(723,584)	(28)%	(3,394,173)	(2,779,541)	(22)%
Corporate location EBITDA	626,711	533,728	17%	2,527,208	2,145,968	18%
Depreciation – equipment	(137,570)	(109,688)	(25)%	(498,555)	(396,371)	(26)%
Operating income from corporate locations	489,141	424,040	15%	2,028,653	1,749,597	16%
Franchise and license data:						
Franchise and license fees	122,533	1,484	8100%	155,762	104,880	49%
Royalties and service fees	434,070	312,171	39%	1,600,882	1,144,394	40%
Franchise and license revenue	556,603	313,655	78%	1,756,644	1,249,274	41%
Total operating costs	(738,760)	(454,635)	(62)%	(2,015,107)	(1,686,756)	(19)%
Operating income	306,984	283,060	9%	1,770,190	1,312,115	35%
Net income (loss)	(112,571)	109,435	(107)%	892,239	242,795	267%
Income per share	0.00	(0.00)		0.03	0.01	

**REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

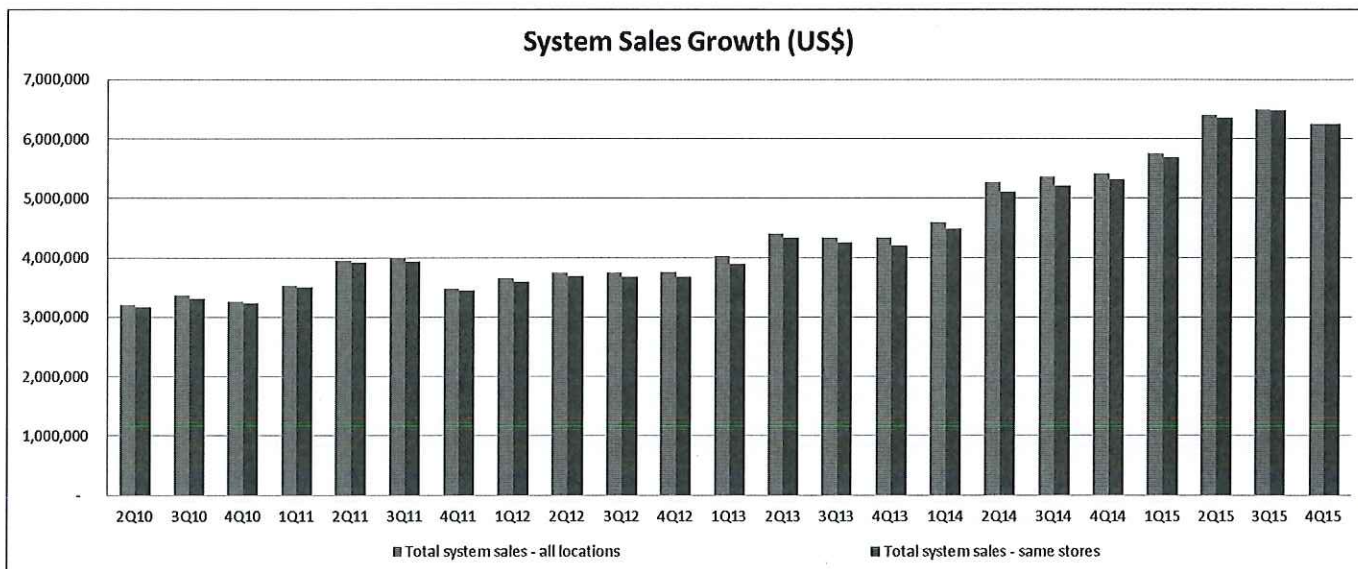
The Company operates the Proshred system, and derives revenues from franchise and other fees as well as royalty and service related fees. In addition to operating the Proshred franchise system, the Company operates six corporate locations in Syracuse, Albany, Milwaukee, New York City, Charlotte and Miami. These corporate locations generate shredding service revenue and recycling revenue as well as incur costs related to marketing and servicing of customers. The Company also incurs costs related to managing the Proshred system, including salaries and administration.

System Sales

Franchisees, corporate and international locations derive revenue by providing shredding services to their customers, and by selling recycled paper and other recyclable by-products. These sales are commonly referred to as "system sales," and are the key driver of royalty and service fee revenue. System sales are denominated and reported in US dollars during the reported periods as follows:

	3 months ended December 31			12 months ended December 31		
	2015	2014	%Ch	2015	2014	%Ch
Total world-wide operating locations at period end	34	34	0%	34	34	0%
Territories – United States	117.4	117.4	0%	117.4	117.4	0%
Total system sales (USD)	\$ 6,246,162	\$ 5,420,366	15%	\$ 24,883,674	\$ 20,637,010	21%
Total system sales (CDN)	\$ 7,988,841	\$ 5,984,626	34%	\$ 31,826,219	\$ 22,677,328	40%

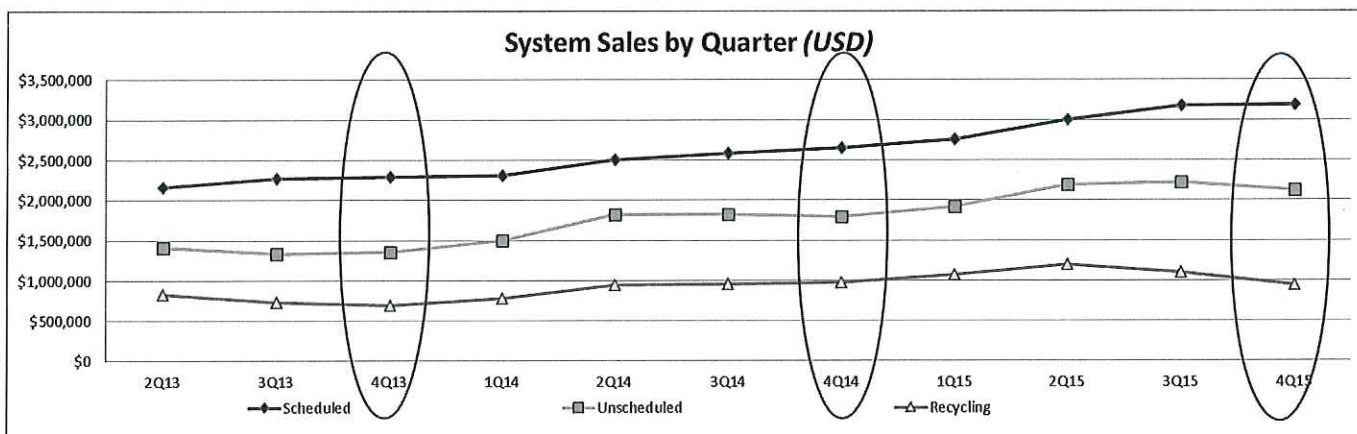
The following chart illustrates system sales growth by quarter since the second quarter of 2010.



**REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

System Sales Quarter Over Quarter:

System sales are broken into three categories, scheduled service sales, unscheduled service sales and recycling.



Service related system sales, scheduled and unscheduled, were US\$20,568,438 for the year ended December 31, 2015 growing by US\$3,584,787 or 21% over 2014.

Scheduled sales:

Scheduled sales are defined as the revenue generated from customers with regular service that may occur on a weekly, bi-weekly, or monthly basis. Proshred sales and marketing strategies have been and continue to be focused on this particular sales category, as this provides our franchisees and corporate locations with stable and recurring cash flows. As a result, the Company had continued growth in this category in 2015 versus 2014. During the three months ended December 31, 2015, scheduled sales reached a record quarterly high of US\$3,183,289.

	3 months ended December 31			12 months ended December 31		
	2015	2014	%Ch	2015	2014	%Ch
	\$	\$		\$	\$	
Scheduled service sales (USD)	3,183,289	2,649,185	20%	12,115,534	10,041,595	21%
Same store scheduled service sales (USD)	3,153,327	2,649,185	19%	11,992,463	10,041,595	19%

Unscheduled sales:

Unscheduled sales are defined as the revenue generated from customers who have one-time or seasonal requirements for document destruction. An example of unscheduled sales is when an accounting firm is required to destroy an abundance of confidential working papers and documents after their tax season. During the three months ended December 31, 2015, unscheduled sales were US\$2,118,988, growing 18% over the same period in 2014.

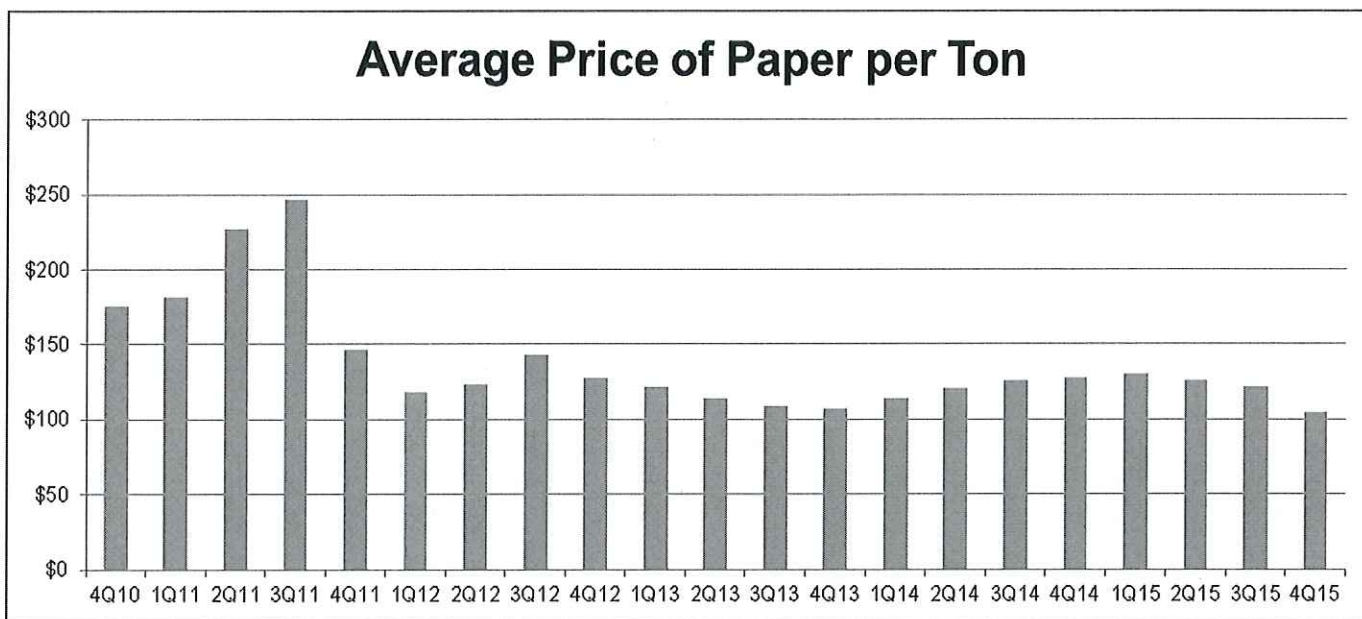
	3 months ended December 31			12 months ended December 31		
	2015	2014	%Ch	2015	2014	%Ch
	\$	\$		\$	\$	
Unscheduled service sales (USD)	2,118,988	1,797,295	18%	8,452,904	6,942,056	22%
Same store unscheduled service sales (USD)	2,118,988	1,797,295	18%	8,419,978	6,942,056	21%

**REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

Recycling sales:

Recycling sales are defined as the revenue generated from the shredded paper and other material that is sold to various recycling companies. This sales category is driven by the price of paper, which is impacted by global supply and demand for shredded paper and the volume of paper recycled which is measured in tons.

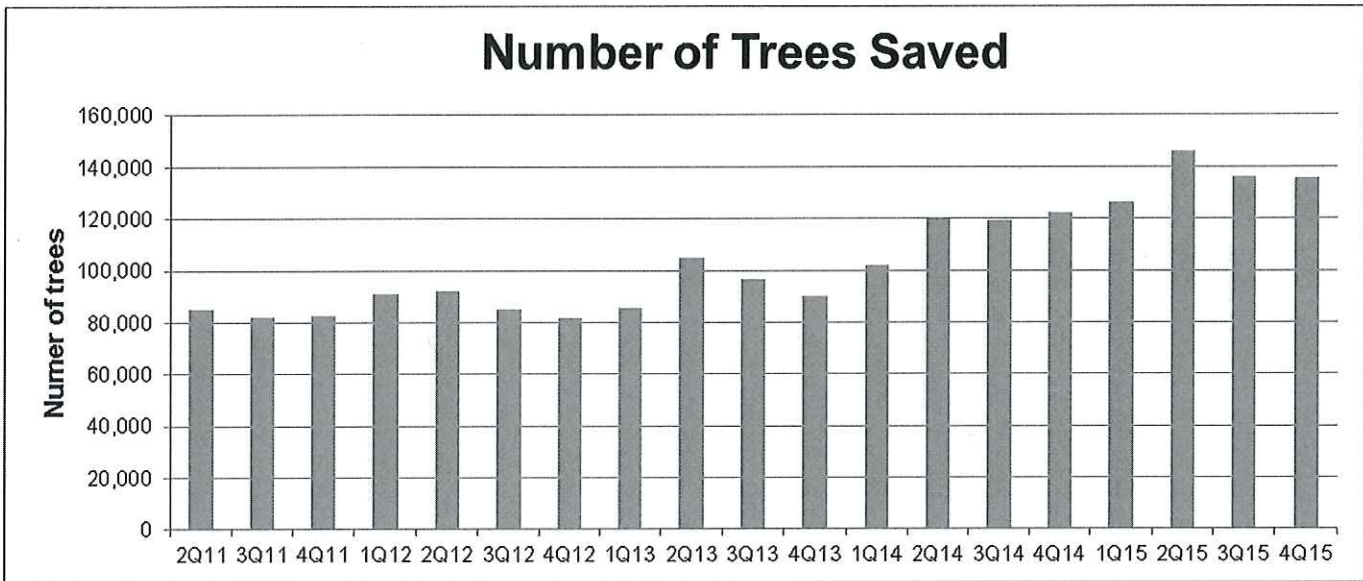
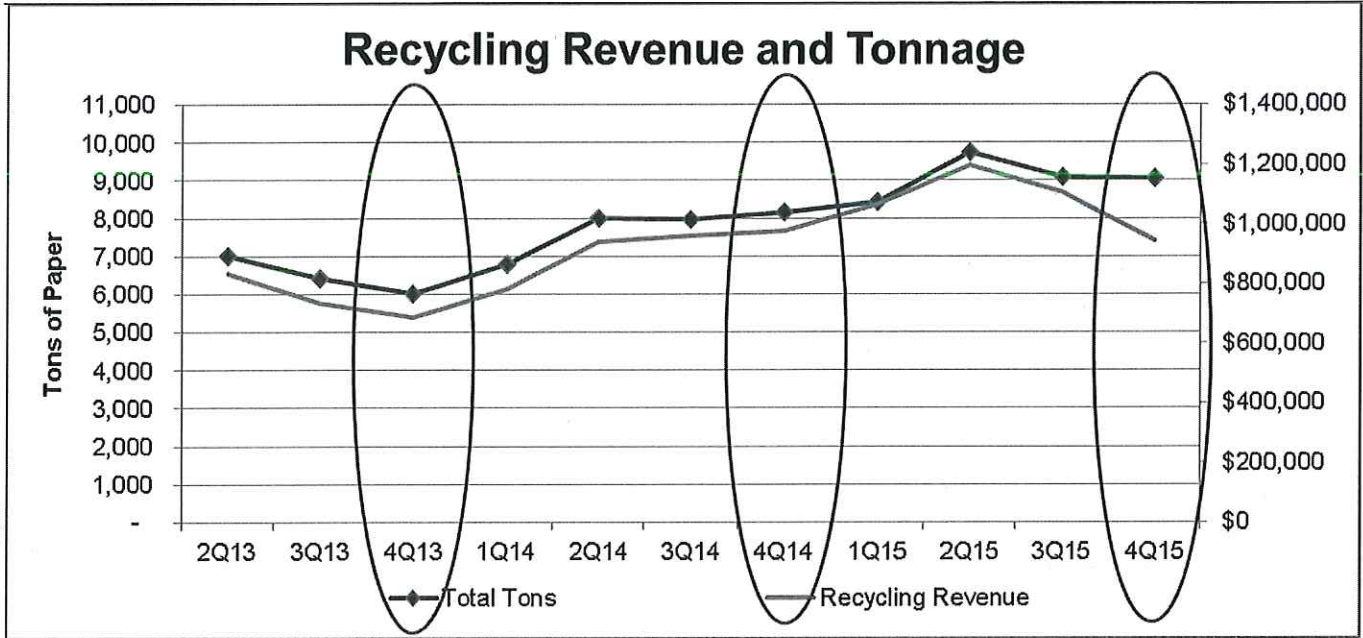
Historical Pricing Trends:



During the fourth quarter of 2015, the system shred and recycled 11% more paper than during the fourth quarter of 2014. The Proshred system shred and recycled 9,050 tons of paper during the fourth quarter of 2015, and 36,000 tons for the year ended 2015. During the year ended December 31, 2015, the Proshred system saved 545,000 trees⁽¹⁾ (for the year ended December 31, 2014 – 464,000 trees were saved). During the fourth quarter of 2015, the average price of paper in the Proshred system was US\$106 per ton, versus US\$129 per ton in the fourth quarter of 2014, a decline of 18%. The decline in prices reflects the overall softness in global commodity pricing.

	3 months ended December 31			12 months ended December 31		
	2015	2014	%Ch	2015	2014	%Ch
	\$	\$		\$	\$	
Recycling sales (USD)	943,885	973,886	(3)%	4,315,236	3,653,359	18%
Same store recycling sales (USD)	943,885	973,886	(3)%	4,314,251	3,653,359	18%

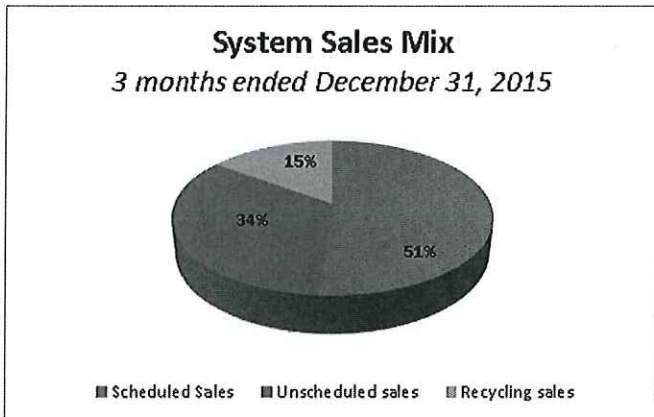
(1) The estimated amount of paper that can be produced from a tree has been conservatively estimated by management based on information taken from Conservatree.org.



**REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

Mix of business:

Scheduled sales accounted for 51% of total sales for the quarter ended December 31, 2015 (December 31, 2014 – 49%). Unscheduled sales accounted for 34% of total sales for the three months ended December 31, 2015 (December 31, 2014 – 33%). Recycling sales accounted for 15% of total sales for the quarter ended December 31, 2015 (December 31, 201 – 18%).



Scheduled sales accounted for 49% of total sales for the year ended December 31, 2015 (December 31, 2014 – 49%). Unscheduled sales accounted for 34% of total sales for the year ended December 31, 201 (December 31, 2014 – 33%). Recycling sales accounted for 17% of total sales for the year ended December 31, 2015 (December 31, 2014 – 18%).



**REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

Franchising & Licensing

Total Franchising Revenue

	<i>3 months ended December 31</i>			<i>12 months ended December 31</i>		
	2015	2014	% Ch	2015	2014	%Ch
	\$	\$		\$	\$	
Franchise and license fees	122,533	1,484	8100%	155,762	104,880	49%
Royalty and service fees	434,070	312,171	39%	1,600,882	1,144,394	40%
Total franchising revenue	556,603	313,655	78%	1,756,644	1,249,274	41%

Royalties and service fees are charged for the use of the Proshred brand, trademarks and systems. Franchise and license fee revenue is generated when a franchise or license is awarded and training is completed. Royalty and service fees earned during the year ended December 31, 2015 were higher by 40% than in 2014 due to increased system sales (refer to 'System Sales'). Franchise and license fees include the initial franchise fee recognized in November 2015 for the Minneapolis franchisee and license fees earned from the Middle East licensee.

The Company derives all franchise and license related revenues in US dollars which are translated at the average exchange rate for the period. For the three months ended December 31, 2015, total franchising revenue was US\$339,382 (2014 – US\$284,082). For the year ended December 31, 2015, total franchising revenue was US\$1,251,667 (2014 – US\$1,131,487).

Consolidated Operating Expenses

	<i>3 months ended December 31</i>			<i>12 months ended December 31</i>		
	2015	2014	%Ch	2015	2014	%Ch
	\$	\$		\$	\$	
Salaries	296,388	206,834	43%	906,448	769,859	18%
General, administrative and marketing	442,372	247,801	78%	1,108,659	916,897	21%
Total operating expenses	738,760	454,635	62%	2,015,107	1,686,756	19%

Operating expenses for the three and twelve months ended December 31, 2015 include expenses to support 34 Proshred locations in operation, training and initial support for pending locations, and the costs to develop new markets by way of franchising, licensing and acquisition. Also included in operating expenses are ongoing stock exchange listing and regulatory costs, professional services, occupancy costs and management salaries and benefits. The Company continues to closely monitor and control all operating expenses. The increase in these expenses in the fourth quarter are for franchise brokers fees, employee year-end bonuses and legal fees associated with the acquisition.

Amortization – Franchising

Amortization relates to the purchase of Professional Shredding Corporation ("PSC") and the Proshred franchise business in 2008. Amortization is as follows:

	<i>3 months ended December 31</i>			<i>12 months ended December 31</i>		
	2015	2014	%Ch	2015	2014	%Ch
	\$	\$		\$	\$	
Amortization – intangible assets	148,144	138,104	7%	589,597	544,410	8%

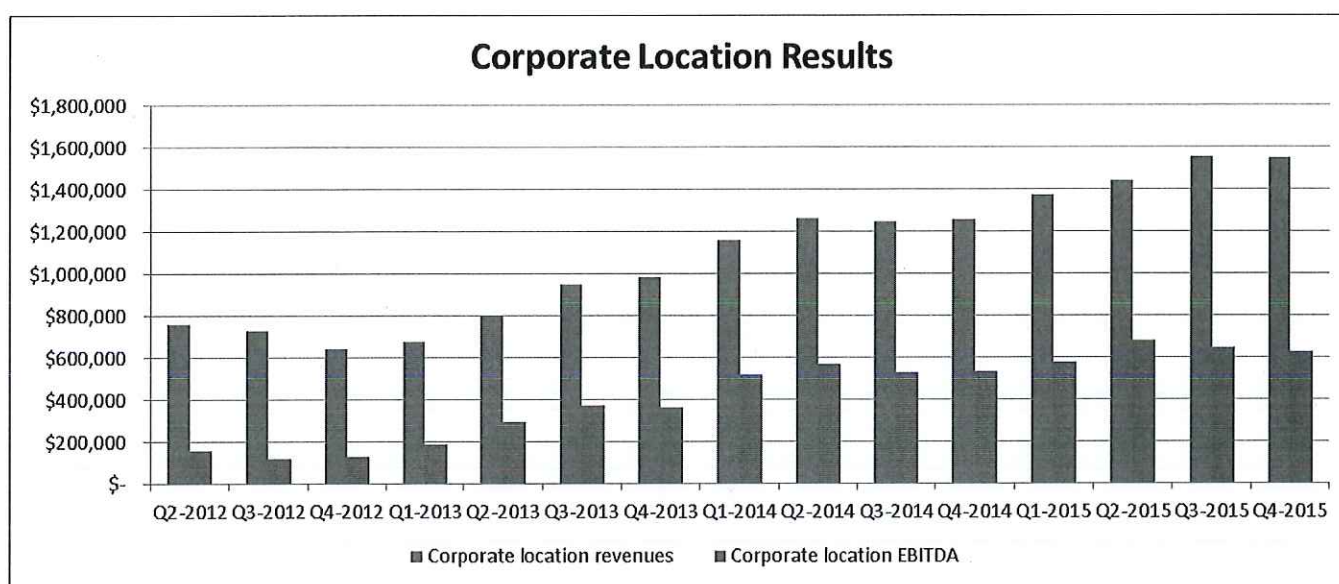
**REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

Corporate Operations

The Company operates six shredding locations in Syracuse, Albany, Milwaukee, New York City, Charlotte and Miami. These locations represent the Company's corporately owned locations. During the quarter ended December 31, 2015, the corporate location revenues grew by 23% over the same comparative prior year period. The Company has also increased EBITDA by 17% and operating income by 15% over the three months ended December 31, 2014. During the year ended December 31, 2015, the corporate location revenues grew by 20% over the same comparative prior year period. The Company also increased EBITDA by 18% and operating income by 16% over the year ended December 31, 2014

	3 months ended December 31				12 months ended December 31			
	2015	% of revenue	2014	% of revenue	2015	% of revenue	2014	% of revenue
	\$		\$		\$		\$	
Revenue:								
Shredding service	1,335,132	86%	1,051,235	84%	4,979,783	84%	4,071,379	83%
Recycling	214,247	14%	206,077	16%	941,598	16%	854,130	17%
Total revenue	1,549,379	100%	1,257,312	100%	5,921,381	100%	4,925,509	100%
Operating costs	922,668	60%	723,584	58%	3,394,173	57%	2,779,541	56%
EBITDA	626,711	40%	533,728	42%	2,527,208	43%	2,145,968	44%
Depreciation - equipment	137,570	9%	109,688	9%	498,555	8%	396,371	8%
Corporate operating income	489,141	31%	424,040	33%	2,028,653	35%	1,749,597	36%

Corporate location revenues are generated in US dollars, which are translated at the average exchange rate for the period. For the three months ended December 31, 2015, corporate location revenues, denominated in US dollars were US\$1,159,855. For the year ended December 31, 2015, corporate location revenues, denominated in US dollars, were US\$4,629,695



Depreciation and Amortization – corporate operations

Depreciation and amortization relates to the assets purchased in relation to the Syracuse, Albany, Milwaukee, New York City, Charlotte and Miami corporate locations. The increase in depreciation related to the corporate locations is due to the purchase of two shredding vehicles in mid-year 2014 and the purchase of another shredding vehicle in June 2015.

Depreciation and amortization are as follows:

	3 months ended December 31			12 months ended December 31		
	2015	2014	%Ch	2015	2014	%Ch
	\$	\$		\$	\$	
Depreciation and amortization – equipment	137,570	109,688	25%	498,555	396,371	26%
Depreciation and amortization – intangibles	86,735	94,041	(8)%	324,505	300,416	8%
Depreciation and amortization	224,305	203,729	10%	823,060	696,787	18%

Operating income

During 2015 the Company grew its corporate store sales and franchise and license revenue by 20% and increased its total operating and depreciation expense by 23% resulting in a 35% increase in operating Income compared to 2014.

	3 months ended December 31			12 months ended December 31		
	2015	2014	%Ch	2015	2014	%Ch
	\$	\$		\$	\$	
Operating income	306,984	283,060	9%	1,770,190	1,312,115	35%

Foreign exchange

Foreign exchange gain was as follows:

	3 months ended December 31			12 months ended December 31		
	2015	2014	%Ch	2015	2014	%Ch
	\$	\$		\$	\$	
Realized foreign exchange gain (loss)	189,802	(121,069)	256%	221,328	(89,223)	348%
Unrealized foreign exchange gain	158,660	373,440	(57)%	822,107	592,151	39%
Total foreign exchange gain	348,462	252,371	38%	1,043,435	502,928	107%

All of Redishred's revenues are denominated in US dollars; this dependency on US dollar revenues causes foreign exchange gains when the Canadian dollar depreciates versus the US dollar or when the Company incurs significant US dollar costs. The Company has significant dollar value assets denominated in US dollars which are revalued at the exchange rate at the date of the statement of financial position, which results in unrealized foreign exchange gains or losses.

REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015

Interest income and expense

Interest income is derived from cash savings accounts held by the Company and by way of finance income related to the financing of franchise fees. Interest expense relates to the use of the Company's line of credit facility which bears interest at 10% per annum, interest on the truck loan agreements, which bear interest at 6.502% to 8.14% per annum and interest on the convertible debentures at 7.5%. Interest expense also relates to the loan agreements for the purchase of the Proshred Charlotte franchise. The loans bear interest at 7.5% to 9% per annum.

	3 months ended December 31			12 months ended December 31		
	2015	2014	%Ch	2015	2014	%Ch
	\$	\$		\$	\$	
Interest income	3,796	2,447	55%	12,358	9,793	26%
Interest expense	(228,940)	(220,412)	(4)%	(791,247)	(842,249)	6%

Income Tax

The Company has booked a provision for income tax of \$280,386 (current \$14,035; deferred \$266,351) during the fiscal year (December 31, 2014 – income tax recovery of \$47,395 (current \$(12,879); deferred \$60,274). The Company has incurred non-capital losses of \$6,951,830 in Canada and \$1,258,812 in the U.S. that can be carried forward to reduce income taxes payable. The losses expire at various times through December 31, 2034

Reconciliation of Operating income to Net income (Loss)

	3 months ended December 31			12 months ended December 31		
	2015	2014	%Ch	2015	2014	%Ch
	\$	\$		\$	\$	
Operating income	306,984	283,060	9%	1,770,190	1,312,115	35%
Less: amortization - intangible assets	(227,511)	(232,144)	(.2)%	(914,102)	(844,826)	(8)%
Less: interest expense	(228,940)	(220,412)	(4)%	(791,247)	(842,249)	6%
Add: foreign exchange gain	348,462	252,371	38%	1,043,435	502,928	107%
Add: interest income	3,796	2,447	55%	12,358	9,793	26%
Add: reversal of impairment	-	27,452		-	27,452	
Gain (loss) on sale of assets	3,350	(10,469)	410%	51,991	30,187	72%
Income before income taxes	206,141	102,305	101%	1,172,625	195,400	500%
Income tax (expense) recovery	(318,712)	7,130	(4500)%	(280,386)	47,395	(690)%
Net income (loss)	(112,571)	109,435	(203)%	892,239	242,795	267%

Net income

For the year ended December 31, 2015, the improvement in net income was \$108,937 after removing the foreign exchange gain. The improvement was a result of (1) the improvement in operating income produced by the corporate locations and (2) the increased royalties generated from the franchise system.

**REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

Selected Quarterly Results

<i>(in CDN except where noted)</i>	2015				2014			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	\$	\$	\$	\$	\$	\$	\$	\$
System sales (USD)	6,246,162	6,497,246	6,391,021	5,749,245	5,420,366	5,362,658	5,262,823	4,591,163
Total Company revenue	2,105,982	1,974,509	1,824,583	1,772,951	1,570,967	1,568,892	1,549,344	1,485,580
Franchise and license fees	122,533	4,120	2,210	26,899	1,484	32,569	1,038	69,789
Royalty and service fees	434,070	415,832	378,989	371,991	312,171	288,974	285,192	258,057
Total revenue from franchising and licensing	556,603	419,952	381,199	398,890	313,655	321,543	286,230	327,846
On-going operating costs	(688,820)	(417,321)	(453,747)	(405,279)	(453,871)	(396,512)	(381,043)	(375,456)
Broker fees	(42,572)	-	-	-	(334)	-	177	(34,710)
Impairment of note receivable	-	-	-	-	(432)	(44,577)	-	-
Total operating expenses	(731,392)	(417,321)	(453,747)	(405,279)	(454,637)	(441,089)	(380,866)	(410,166)
Total operating (loss) income – franchising and licensing	(174,789)	2,631	(75,548)	(6,389)	(140,982)	(119,546)	(94,636)	(82,320)
Corporate locations revenue	1,549,379	1,554,557	1,443,384	1,374,061	1,257,312	1,247,349	1,263,114	1,157,734
Corporate locations operating costs	(922,668)	(908,449)	(764,529)	(798,527)	(723,584)	(719,481)	(695,883)	(640,593)
Corporate locations adjusted EBITDA	626,711	646,108	678,855	575,534	533,728	527,868	567,231	517,141
Depreciation – tangible assets ⁽²⁾	(137,570)	(120,789)	(119,418)	(120,778)	(109,688)	(119,093)	(72,844)	(94,746)
Total operating income – corporate⁽²⁾	489,141	525,319	559,437	454,756	424,040	408,775	494,387	422,395
Total operating income (loss) – excluding one-time costs – Company	306,984	527,950	486,889	448,367	283,058	289,229	399,752	340,072
Income (loss) before taxes from continuing operations	206,141	347,399	18,358	600,727	102,305	49,438	(83,471)	127,128
Income (loss) attributable to owners of the parent	(112,571)	363,260	35,710	605,840	109,433	62,791	(70,084)	140,653
Income (loss) excluding one-time items	(112,571)	363,260	35,710	605,840	109,433	62,791	(70,084)	140,653
Basic and diluted net income (loss) per share	.00	.01	.00	.02	.00	.00	(.00)	.00

(1) Certain amounts have been reclassified to conform to the current period's presentation.

Selected Quarterly Results (continued)

Scheduled and unscheduled system sales have continued to grow each quarter. This was driven by the Company's sales and marketing programs that are aimed at educating clients on the legislative requirements to destroy confidential information using a secure on-site solution. As shredding customers are serviced during business days, the quarterly system sales are impacted by the number of business days in any given quarter. Therefore, the Company experiences higher system sales and related royalty fees and corporate revenues in the 2nd and 3rd quarters of every year and lower system sales and related royalty fees and corporate revenues in the 1st and 4th quarters of every year.

Balance Sheet

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
	\$	\$
Working capital	21,721	(395,907)
Total assets	10,713,530	9,049,505
Total liabilities	10,183,518	9,415,792

The total assets and liabilities of the Company have increased over the year ended December 31, 2014 primarily as a result of the acquisition of the assets of Recordshred Inc., on December 31, 2015.

The Company did not declare any dividends during the year.

Acquisition of Business

On December 31, 2015, Redishred Acquisition Inc. ("Redishred" or "RAI") purchased the assets of RecordShred Inc., doing business as a mobile shredding company in the South Florida market, operating under the brand name RecordShred. The assets included client relationships, client contracts, capital assets (ie. equipment, machinery, trucks, furniture, office supplies and consoles), permits, websites, phone numbers and customer lists. Redishred also purchased the net working capital which is defined as current assets less current liabilities as at December 31, 2015

The following table outlines the assets purchased and consideration given on the closing date of the acquisition.

Assets acquired	\$
Working capital	17,300
Shredding trucks and equipment	196,528
Customer relationships	<u>339,772</u>
	<u>553,600</u>
 Consideration given	
Truck loan and finance lease	346,000
Promissory note	138,400
Contingent consideration	<u>69,200</u>
	<u>553,600</u>

The Company translated the fair values of all assets acquired and consideration given using the exchange rate at the time of acquisition which on December 31, 2015 was \$USD = \$1.384CAD

Reversal of Impairment of Intangible Assets

The Company performs an impairment test and reversal of impairment test of long-lived assets when there is an indication of impairment or reversal of impairment. The indicators include whether actual sales are higher or lower than budgeted, profits are higher or lower than prior years' profits, and when significant events and circumstances indicate that the carrying amount may or may not be recoverable. Goodwill is tested for impairment at least annually.

Based on the impairment review performed at December 31, 2015, the recoverable amount of the Cash Generating Units ("CGU's") was higher than the carrying amounts at the Company-wide level. All previously recorded impairment had been reversed as of December 31, 2014.

Financial Condition, Capital Resources and Liquidity – 2015 New Financing Activity

The Company closely monitors its cash balances and cash flows generated from operations to meet its requirements.

Line of Credit

The Company has drawn from its line of credit in order to finance the purchase of its' corporate locations including Syracuse, Albany, Milwaukee in 2010 and New York City and Miami in 2012 as well as for general business purposes. During September of 2013, the Company signed an amendment to its existing line of credit facility, extending the facility's term for an additional three years to November 27, 2017.

The interest remains at 10% per annum, paid semi-annually and the facility remains at \$6.03 million. The Company has \$558,516 available for use on its line of credit as of December 31, 2015.

Truck Loans

On June 23, 2015, the Company entered into a loan and security agreement in the amount of US\$229,039, repayable with monthly blended payments of principal and interest of US\$4,520 maturing June 23, 2020. The loan bears interest at 6.75% per annum and is secured by one shredding vehicle with a carrying value of CAD\$301,945 at December 31, 2015. The value of the loan on December 31, 2015 is CAD\$289,958 (US\$209,507).

On December 22, 2015, the Company entered into a loan and security agreement in the amount of US\$80,000, repayable with monthly blended payments of principal and interest of US\$2,480 maturing December 5, 2018. The loan bears interest at 7.5% per annum and is secured by one shredding vehicle with a carrying value of CAD\$62,363 at December 31, 2015. The value of the loan on December 31, 2015 is CAD\$110,720 (US\$80,000).

Finance Lease

On December 22, 2015 the Company entered into a finance lease in the amount of US\$170,000, repayable with monthly blended payments of principal and interest of US\$4,364 with a final payment of US\$34,000, maturing January 5, 2019. The loan bears interest at 6.75% per annum and is secured by two shredding vehicles with a carrying value of CAD\$173,000 at December 31, 2015. The value of the loan on December 31, 2015 is CAD\$235,280 (US\$170,000).

Term loans

On July 22, 2015 the Company entered into a loan and security agreement in the amount of US\$300,500, repayable with monthly blended payments of principal and interest of US\$7,283 maturing July 22, 2019. The loan bears interest at 7.5% per annum and is secured by three shredding vehicles. The loan was used to pay off the related party 4 year loan and security agreement with a value of CAD\$368,880 (US\$295,340) at June 30, 2015.

**REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

Acquisition financing

On December 31, 2015, as part of the consideration given to acquire the assets of Recordshred Inc., the Company entered into the following debt agreements with the seller:

A promissory note of CAD\$138,400 (US\$100,000), bearing interest at 5% per annum, payable in equal monthly installments of US\$2,997.09 over 36 months.

A contingent liability that is tied to the retention of clients and gross revenue targets. If revenue targets are met US\$25,000 will be paid during the year ended December 31, 2016 and US\$25,000 during the year ended December 31, 2017. The agreement provides for monthly payments of advances on account.

Financial Strategy

The Company continues to focus on route optimization tactics in its corporate locations. The Company has concurrently implemented a strong sales focused approach and has dedicated sales leads in each corporate location with an aim to grow revenues and cash flows. The Company also continues its' efforts to award new franchise locations, which generate between \$35,000 and \$100,000 in franchise fees per new franchise as well as adds recurring royalty revenues.

At December 31, 2015, current liabilities of \$2,140,384 (December 31, 2014 - \$1,595,308) are due to be settled within one year from the balance sheet date. The Company expects these liabilities to be settled from on-going operations. It is management's plan to continue its core business strategy of (1) growing its corporate locations, (2) continuing to franchise in the United States and (3) conducting accretive acquisitions.

The Company has the following lease commitments:

	\$
Less than 1 year	295,841
Between 1 and 5 years	297,133
Total	592,974

Based on overall cash generation capacity and financial position, while there can be no assurance, management believes the Company will be able to meet financial obligations as they come due over the next twelve months.

Equipment

	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>% Ch</u>
	\$	\$	
Net book value	3,155,192	2,594,476	22%

During the year ended December 31, 2015, the Company sold one older shredding vehicle and purchased one new shredding vehicle, obtaining third party financing. In addition the Company acquired two used shredding vehicles as a result of the Recordshred acquisition

Off-Balance Sheet Financing Arrangements

The Company has no off-balance sheet financing arrangements.

Transactions with Related Parties

A Director of the Company is the owner of the Tampa Bay, Florida Proshred franchise. Included in accounts receivable at December 31, 2015, is \$2,598 (2014 - \$571) due from this franchise. During the year ended December 31, 2015, the Company earned royalty and service fees amounting to \$112,853 (2014 - \$94,828) from this franchise.

The Company has a line of credit facility with a related party entity, the Company's largest shareholder, for a maximum of \$6.03 million, repayable on November 27, 2017, bearing interest at a fixed rate of 10% per annum. The Company has drawn from its line of credit in order to finance the purchase of its' corporate locations including Syracuse, Albany, Milwaukee in 2010 and New York City and Miami in 2012 as well as for general business purposes.

Included in selling, general and administrative expenses for the year ended December 31, 2015 are insurance premium amounts of \$ 18,489 (December 31, 2014 - \$19,645) paid to an insurance brokerage firm managed by a Director of the Company.

On December 31, 2012, the Company obtained equity and debt funding, directly or indirectly, from certain members of the Company's Board of Director's. The Company issued \$375,000 convertible, unsecured subordinated, debentures. The debentures have a five year term and a coupon of 7.5% interest per annum payable annually. The debenture holders may defer interest otherwise due and payable until the next interest payment date, in which case the deferred interest payment will accrue additional interest at 7.5% per annum. Each \$1,000 principal amount of debenture entitles the holder to convert to approximately 3,333 common shares at a conversion price of \$0.30 per share.

In order to finance the acquisition of the Charlotte location, the Company obtained the following loans from related parties:

- (a) a 5 year loan agreement in the amount of CAD\$525,750 maturing July 31, 2018. The loan bears interest at 9% per annum with interest payable semi-annually. The loan is secured by a general security agreement over the assets of the Proshred Charlotte entity. The estimated fair value of the loan on December 31, 2015 is CAD\$525,750;
- (b) a 5 year loan agreement in the amount of US\$75,000 maturing July 31, 2018. The loan bears interest at 9% per annum with interest payable semi-annually. The loan is secured by a general security agreement over the assets of the Proshred Charlotte entity. The estimated fair value of the loan on December 31, 2015 is CAD\$103,800 (US\$75,000);
- (c) a 4 year loan agreement in the amount of CAD\$100,000 with monthly blended payments of principal and interest of CAD\$2,488 maturing July 31, 2017. The loan is secured by a general security agreement over the assets of the Proshred Charlotte entity. The loan bears interest at 9% per annum and the estimated fair value of the loan on December 31, 2015 is CAD\$46,057;
- (d) a 4 year loan agreement in the amount of US\$50,000 with monthly blended payments of principal and interest of US\$1,244 maturing July 31, 2017. The loan is secured by a general security agreement over the assets of the Proshred Charlotte entity. The loan bears interest at 9% per annum and the estimated fair value of the loan on December 31, 2015 is CAD\$31,871 (US\$23,028).

Risks and Uncertainties

The Company's financial performance is likely to be subject to the following risks:

Competition

The Company competes with numerous independent shredding operators in the document destruction business, some of which compete directly with the Company and some of which may have greater resources. Direct competitors to the Company include Iron Mountain Incorporated, Recall, Shred-It America, Inc. (now owned by Stericycle Inc.), and small, independent mobile shredding businesses.

Financing

The Company is still in its early stage of development and has not yet reached the size and scale to generate sufficient royalty and licence fee revenues to produce a positive cash flow from its franchise system. Accordingly, the Company may require additional capital to operate and grow so as to reach this necessary critical mass. Additionally, the Company will continue to identify and evaluate other shredding businesses or related assets with a view to acquiring such businesses or assets that are accretive to the cash flows of the Company. In order to complete these acquisitions, the Company will be required to seek additional financing.

Franchising Strategy

The Company's business strategy involves the establishment of new Franchises. The Company may not be successful in establishing new Franchises and the failure to do so will slow the Company's growth. Furthermore, even if the Company were successful in establishing new Franchises, these new Franchises may fail to perform as expected and management of the Company may underestimate the difficulties, costs, management time and financial and other resources associated with terminating these Franchises or ensuring their continued operation. If the new Franchises fail to perform as expected or incur significant increases in projected costs, the Company's revenues could be lower, and its operating expenses higher, than expected.

Acquisition Strategy

The Company's business strategy involves expansion through acquisitions and business development projects. These activities require the Company to identify acquisition or development candidates or investment opportunities that meet its criteria and are compatible with its growth strategy. The Company may not be successful in identifying document destruction businesses that meet its acquisition or development criteria or in completing acquisitions, developments or investments on satisfactory terms. Failure to complete acquisitions or developments will slow the Company's growth. The Company could also face significant competition for acquisitions and development opportunities. The Company may also require additional financing to conduct acquisitions. Some of the Company's competitors have greater financial resources than the Company and, accordingly, have a greater ability to borrow funds to acquire businesses.

These competitors may also be willing and/or able to accept more risk than the Company can prudently manage, including risks with respect to the geographic concentration of investments and the payment of higher prices. This competition for investments may reduce the number of suitable investment opportunities available to the Company, may increase acquisition costs and may reduce demand for document destruction services in certain areas where the Company's business is located and, as a result, may adversely affect the Company's operating results.

Corporate Locations

The Company's acquired businesses may fail to perform as expected and management of the Company may underestimate the difficulties, costs, management time and financial and other resources associated with the businesses. In addition, any business expansions the Company undertakes is subject to a number of risks, including, but not limited to, having sufficient ability to raise capital to fund future expansion, and having sufficient human resources to convert, integrate and operate the acquired businesses. If any of these problems occur, expansion costs for a project will increase, and there may be significant costs incurred for projects that are not completed.

In deciding whether to acquire or expand a particular business, the Company will make certain assumptions regarding the expected future performance of that business. If the Company's acquisition or expansion businesses fail to perform as expected or incur significant increases in projected costs, the Company's revenues could be lower, and its operating expenses higher, than expected.

International Strategy

The Company's business strategy involves expansion into international markets through licensing. These activities require the Company to identify international candidates and meet its criteria and are compatible with its growth strategy. The Company may not be successful in identifying licensees that meet its licensing criteria. Failure to expand internationally will slow the Company's growth.

Additionally, the international licensee under the Companies current license agreement may fail to perform as expected and management of the Company may underestimate the difficulties, costs, management time and financial and other resources associated with ensuring their continued growth. If the international licensee fails to perform as expected, the Company's revenues could be lower.

Currency Fluctuations

The Company's principal executive office is in Canada, all the directors and officers of the Company are Canadian and many significant expenses of the Company are in and will be for the foreseeable future in Canadian dollars, while revenues will be measured in US dollars. Accordingly, the financial results of the Company will be impacted by fluctuations in currency rates.

Expansion to New Markets

It is the plan of management to continue expanding the Proshred Franchise Business in the United States and internationally including areas where customers are unfamiliar with the Proshred brand. The Company will need to build brand awareness in those markets through greater investments in advertising and promotional activity than in existing markets, and those activities may not promote the Proshred brand as effectively as intended, if at all.

Many of the United States and international markets into which management intends to expand will have competitive conditions, consumer tastes and discretionary spending patterns that differ from existing markets. Franchises in those markets may have lower sales and may have higher operating or other costs than existing Franchises. Sales and profits at Franchises opened in new markets may take longer to reach expected levels or may never do so.

Litigation

The Company may become subject to disputes with employees, franchisees, customers, commercial parties with whom it maintains relationships or other parties with whom it does business. Any such dispute could result in litigation between the Company and the other parties. Whether or not any dispute actually proceeds to litigation, the Company may be required to devote significant resources, including management time and attention, to its successful resolution (through litigation, settlement or otherwise), which would detract from management's ability to focus on the Company's business. Any such resolution could involve the payment of damages or expenses by the Company, which may be significant. In addition, any such resolution could involve the Company's agreement to certain settlement terms that restrict the operation of its business.

Use of estimates and judgements

The preparation of the financial report in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results could differ materially from those estimates and assumptions. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Subjects that involve critical assumptions and estimates and that have a significant influence on the amounts recognized in the consolidated financial report are further described as follows:

i) Business combinations

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values, which represents a significant estimate. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the expected future net cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. In certain circumstances where estimates have been made, the Company may obtain third-party valuations of certain assets, which could result in an amendment of the fair value allocation.

ii) Impairment and reversal of impairment

The Company reviews goodwill at least annually and other non-financial assets when there is any indication that the assets might be impaired or any indications that impairment of assets other than goodwill should be reversed. The determination of the value in use and fair value of a CGU to which goodwill is allocated to involves the use of estimates by management. The Company uses discounted cash flow based methods to determine these values. These discounted cash flow calculations typically use five-year projections that are based on the operative plans approved by management. Cash flow projections take into account past experience and represent management's best estimate of future developments. Cash flows after the planning period are extrapolated using estimated growth rates. Key assumptions on which management has based its determination of value-in-use include estimated growth rates, discount rates, future cash flows, margins and tax rates. These estimates, including the methodology used, can have a material impact on the respective values and ultimately the amount of any impairment or reversal of impairment.

iii) Useful lives of tangible and intangible assets

Management estimates the useful lives of tangible and definite life intangible assets based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for amortization of these assets for any period are affected by these estimated useful lives. On an annual basis, the Company assesses the useful lives of its tangible and intangible assets with definite lives and the useful lives are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company's tangible and definite life intangible assets in the future.

iv) Deferred income taxes

The Company, including its subsidiaries, operate and earn income in multiple countries and is subject to changing tax laws in multiple jurisdictions within these countries. Significant judgements are necessary in determining income tax assets and liabilities. Although management believes that it has made reasonable estimates about the final outcome of tax uncertainties, no assurance can be given that the final outcome of these tax matters will be consistent with what is reflected in the historical income tax provisions. Such differences could have an effect on the deferred tax assets and liabilities in the period in which such determinations are made. At each date of Statement of Financial Position, the Company assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets and liabilities. This assessment requires the exercise of judgement on the part of management with respect to, among other things, benefits that could be realized from available tax strategies and future taxable income, as well as other positive and negative factors. The recorded amount of total deferred tax assets and liabilities could be materially affected if changes in current tax regulations are enacted.

Investor Relations Activities

The Company does not have any investor relations arrangements.

Share Data

The Company's authorized share capital is unlimited common shares without par value. As at December 31, 2015, there were 28,884,658 issued and outstanding common shares. As at December 31, 2015 there were 1,830,000 options to acquire common shares. During the year ended December 31, 2015, 152,500 stock options expired (2014 – 280,000). There have been 730,000 stock options granted during the year (2014 – 70,000). As of April 28, 2016 there are 28,884,658 issued and outstanding common shares, 1,830,000 options to acquire common shares. There are 1,250,000 common shares issuable on conversion of the debentures.

Dated: April 28, 2015