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Basis for Presentation

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 interim financial report and pertains to known risks and uncertainties. To ensure that the reader is obtaining the all pertinent information, this MD&A should be read in conjunction with material contained in the Company's unaudited consolidated interim financial statements for the three and nine months ended September 30, 2016 and 2015, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting standards Board ("IASB"). 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 it operates. 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 November 29, 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, analysis and commentary in this document reflect 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 dollar,
  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 2016 and 2015 (96% of the territories serviced are same locations as of September 30, 2016).

- EBITDA is defined as earnings before interest, taxes, depreciation and amortization, reversal of impairment and gains or losses on sale of assets and corporate overhead. EBITDA is a performance measure used to assess both the Company's performance and the corporate locations' performance.

- Operating income is defined as revenues less operating costs, depreciation and amortization related to the tangible assets. Depreciation and amortization for intangible assets has not been included in this calculation.

- Corporate operating income is the income generated by corporately operated locations. The operating income 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.

Business Overview

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 September 30, 2016, there were 29 operating Proshred locations in the United States comprised of 123.5 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. In total, Proshred provides services in 31 metropolitan markets across the United States.

During the nine months ended September 30, 2016, the Company awarded three new locations in St. Louis, MO, Orlando, FL and Jacksonville, FL. St. Louis, MO and Orlando, FL commenced operations in August 2016. Due to personal reasons, the Jacksonville franchisee has elected not to proceed. The Company recognized the Jacksonville non-refundable franchise fee in the third quarter.

As of September 30, 2016, the Company also has one international master license to operate in the Middle East[1]. 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.

Financial and Operational Highlights

The following table outlines Redishred's key IFRS and non-IFRS measures:

(in 000's except as noted)	*3 months ended September 30*			*9 months ended September 30*		
	2016	2015	% change	**2016**	2015	% change
System Sales Performance – in US Currency						
Total locations	**36**	34	*6%*	**36**	34	*6%*
System sales	**$7,512**	$6,497	*16%*	**$21,958**	$18,638	*18%*
Percentage scheduled	***48.1%***	*48.8%*		***48.0%***	*47.9%*	
System sales – same location	**$7,476**	$6,497	*15%*	**$21,896**	$18,638	*17%*
Percentage scheduled	***48.3%***	*48.8%*		***48.1%***	*47.9%*	
Operating Performance – in Canadian Currency						
Consolidated results:						
Consolidated revenue	**$2,418**	$1,975	*22%*	**$7,242**	$5,572	*30%*
Consolidated EBITDA	**$741**	$649	*14%*	**$2,111**	$1,821	*16%*
Consolidated operating income	**$581**	$528	*10%*	**$1,668**	$1,463	*14%*
As a percentage of revenue	***24.0%***	*26.7%*		***23.0%***	*26.3%*	
Consolidated operating income per share fully diluted	**0.020**	0.018	*10%*	**0.058**	0.051	*14%*
Corporate location results:						
Corporate location revenue	**$1,871**	$1,555	*20%*	**$5,605**	$4,372	*28%*
Less acquired revenue	**$163**	-	*-%*	**$370**	-	*-%*
Corporate location revenue before acquired revenue	**$1,708**	$1,555	*10%*	**$5,235**	$4,372	*20%*
Corporate location EBITDA	**$708**	$646	*10%*	**$2,093**	$1,900	*10%*
Corporate location operating income	**$548**	$525	*4%*	**$1,650**	$1,540	*7%*
As a percentage of corporate location revenue	***29.3%***	*33.8%*		***29.4%***	*35.2%*	

Capital Management – in Canadian Currency

As at,	**September 30, 2016**	December 31, 2015	% Change
Working capital	**$457,000**	$22,000	2004%
Debt to total assets	**0.97**	0.95	(1.7)%
Debt service coverage – rolling 12 months	**1.14**	0.90	27%

Stronger System Sales driving both Royalty and Corporate Location Revenue

Redishred achieved 16% growth in total system sales, and 15% on a same location basis during the third quarter of 2016 versus the same quarter in 2015. This drove royalty revenues up by 15% for the same comparative periods (calculated in USD). System sales were driven upwards due to the Company's continued focus on providing recurring scheduled service to small and medium sized enterprise clients.

Our corporate store location revenues grew by 20% during the third quarter of 2016 versus the same quarter in 2015 (calculated in USD). The growth included $163,220 in acquired revenue, which when adjusted for yielded a growth rate of 10%.

Franchise Activity contributes to Short Term and Long Term Franchise Revenue Growth

In 2016, new franchise awards have significantly increased over both 2015 and 2014. New franchise fees to date in 2016 have equated to just under $237,000 versus $25,000 in 2015. The new locations have contributed to short term revenue growth by way of new franchise fees and will lead to future growth in royalty revenue and also enhance the Company's footprint in the United States. New franchisees have been attracted to the Company's improved financial position both at a franchisor level and at the unit franchisee level.

Corporate location Operating Income growth continues to build

Corporate location revenue has grown 28% on a year to date basis versus the same period in 2015, while Corporate location operating income on a year to date basis has grown 7% over the same period in 2015. The slower growth in operating income has been impacted by one time transition costs related to the Record Shred acquisition; increased costs related to truck repairs and refurbishment; and increased costs related to management of the corporate locations. Senior management believes that the investment in human resources, trucks and acquisitions will have positive impacts to both top line and bottom line growth for the remainder of 2016 and into 2017.

Debt Reduction and Improving Balance Sheet

Over the last twenty-four months, the Company has used a significant portion of its excess cash flow to reduce the amount owing on its line of credit. During the nine months ended September 30, 2016 the Company has paid down its line of credit by $500,000 (nine-months ended September 30, 2015 - $245,000) and over the last twenty-four months by almost one million dollars. With improving Operating Income, the Company's rolling twelve-month debt service coverage has improved by 27% since December 31, 2015 and working capital has improved to over $450,000 in September 2016. Management will continue to balance investment in human resources, trucks and technology with continued reduction to its debt balances.

Investing now for Long-Term Sustainability

To date in 2016, the Company's senior management has:

1. Invested in attracting and retaining higher calibre managers and operations personnel for its corporate locations with a view to strengthening client service, truck capacity and route density in the medium to long term.
2. Invested in attracting and retaining stronger senior management and in particular sales and marketing resources with a view to supporting higher growth in all locations in the short and medium term.
3. Invested in centralizing replicable processes such as inside sales and the accounts receivables functions with the view to gaining economies of scale and cost savings in the medium to long term.
4. Continued to invest in modernizing its corporate location truck fleet with a view to maximizing client service standards and reducing costly repairs and downtime.

The investments have been funded primarily though current operating cash flows while simultaneously reducing the Company's most expensive debt class. The Company's senior management believes all these activities and investments will yield stronger cash generation in 2017 and beyond.

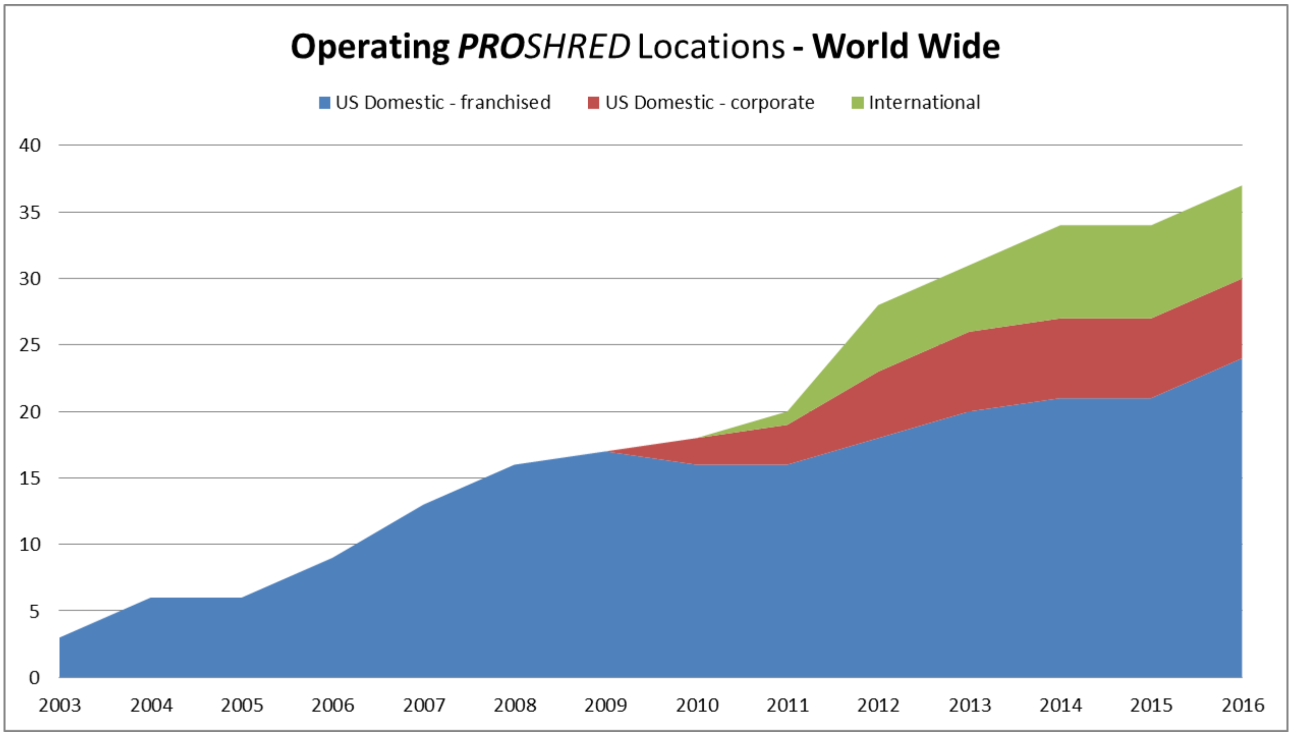
The Company's location list is as follows:

No.	Franchise locations	Operating since	Territories
1.	SPRINGFIELD, MA	June 2003	2.3
2.	TAMPA BAY, FL (includes Orlando, FL)	March 2004	3.5
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
22.	MINNEAPOLIS, MN	February 2016	2.7
23.	ST. LOUIS, MO	August 2016	2.0
		Franchised territories in operation	*96.8*
No.	**Corporate locations**	**Operating since**	**Territories**
24.	SYRACUSE, NY	March 2004(1)	2.5
25.	ALBANY, NY	April 2003(1)	1.2
26.	MILWAUKEE, WI	August 2003(1)	2.7
27.	NEW YORK CITY, NY (includes Long Island, NY)	January 2008(1)	11.3
28.	MIAMI, FL (includes Fort Lauderdale, FL)	June 2008(1)	5.7
29.	CHARLOTTE, NC	April 2006(1)	3.3
		Corporate territories in operation	*26.7*
		Grand Total	***123.5***

(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.

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 2016 Goals and Objectives

In the Company's 2015 Annual Report, management stated its 2016 goals and objectives. A review of the Company's performance in meeting these goals and objectives is included below:

2016 Goals and Objectives	Performance during the nine months ended September 30, 2016	Comments
Grow system sales from all locations by 10% to $27.4M USD compared to 2015.	Total system sales were $21.9M USD during the first nine months of 2016 growing by 18% over the comparative 2015 period. Redishred's: • scheduled system sales grew by 18% (same store sales grew by 18%); • unscheduled system sales grew by 24% (same store sales grew by 23%); • recycling system sales increased by 5% (same store sales increased by 5%).	**Redishred is on target to achieve or exceed its annual goal.**
Award at least four franchise locations and complete one acquisition.	During the nine months ended September 30, 2016, the Company awarded three new locations in St. Louis, MO, Orlando, FL and Jacksonville, FL.[(1)]	**Redishred is actively pursuing other franchise and acquisition opportunities.**
Achieve $2.8M CAD in EBITDA from operations.	Redishred earned $2.1 CAD in EBITDA from operations during the nine months ended September 30, 2016, growing 16% over the prior comparative period. • Corporate shredding sales grew by 26% (in USD) • Recycling sales derived from our Corporate operations declined by 3% (in USD) • Royalties grew by 14% (in USD)	**Redishred is on track to achieve its annual goal.**

(1) The Orlando location was awarded to the Tampa Bay franchisee. The Jacksonville franchisee has elected not to proceed due to personal reasons. During the nine months ended September 30, 2016, the Company recognized non-refundable franchise fees for all three locations.

Overall Performance

Selected Financial Data and Results of Operations

The following table shows selected financial data for the 3 and 9 months ended September 30, 2016 and 2015.

	3 months ended September 30			*9 months ended September 30*		
	2016	2015	% change	**2016**	2015	% change
System sales (USD)	**7,511,789**	6,497,246	16%	**21,957,104**	18,637,513	18%
Total Revenue	**2,418,386**	1,974,509	22%	**7,242,056**	5,572,043	30%
Corporate location data:						
Corporate location revenue	**1,870,736**	1,554,557	20%	**5,605,453**	4,372,002	28%
Corporate location operating costs	**(1,162,739)**	(908,449)	(28)%	**(3,512,800)**	(2,471,505)	(42)%
Corporate location EBITDA	**707,997**	646,108	10%	**2,092,653**	1,900,497	10%
Depreciation – equipment	**(160,070)**	(120,789)	(33)%	**(443,110)**	(360,985)	(23)%
Operating income from corporate locations	**547,927**	525,319	4%	**1,649,543**	1,539,512	7%
Franchise and license data:						
Franchise and license fees	**67,611**	4,120	1541%	**245,253**	33,229	638%
Royalties and service fees	**480,039**	415,832	15%	**1,391,350**	1,166,812	19%
Franchise and license revenue	**547,650**	419,952	30%	**1,636,603**	1,200,041	36%
Total operating costs	**(514,899)**	(417,321)	(23)%	**(1,618,548)**	(1,276,347)	(27)%
Operating income (1)	**580,678**	527,950	10%	**1,667,598**	1,463,206	14%
Total Company EBITDA (2)	**740,748**	648,739	14%	**2,110,708**	1,821,190	16%
Net income	**75,589**	363,260	(79)%	**191,274**	1,004,810	(81)%
Income per share	**0.003**	0.013	(77)%	**0.004**	0.035	(89)%

(1) Operating income is determined as operating income from corporate locations plus franchise and license revenue less total operating costs.

(2) Total company EBITDA is determined as corporate location EBITDA plus franchise and license revenue less total operating costs.

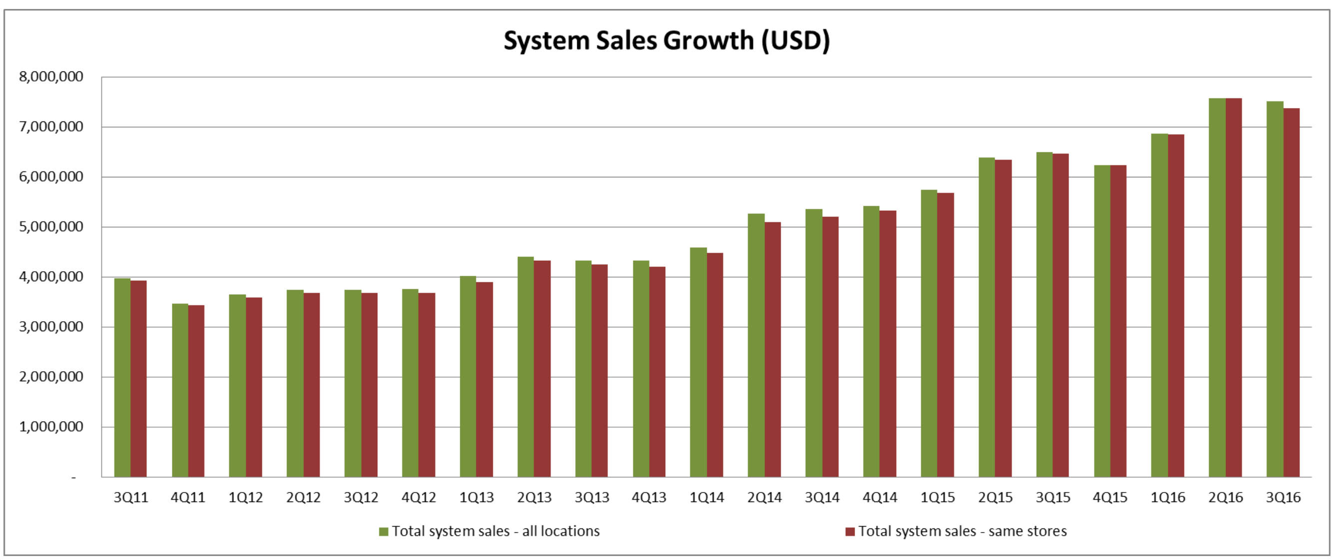
The Company operates the Proshred system and derives revenues from franchise and other fees as well as royalty and service related fees. In addition to operating the Proshred franchise system, the Company operates six corporate locations in Syracuse, Albany, Milwaukee, New York City, Charlotte and Miami. 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:

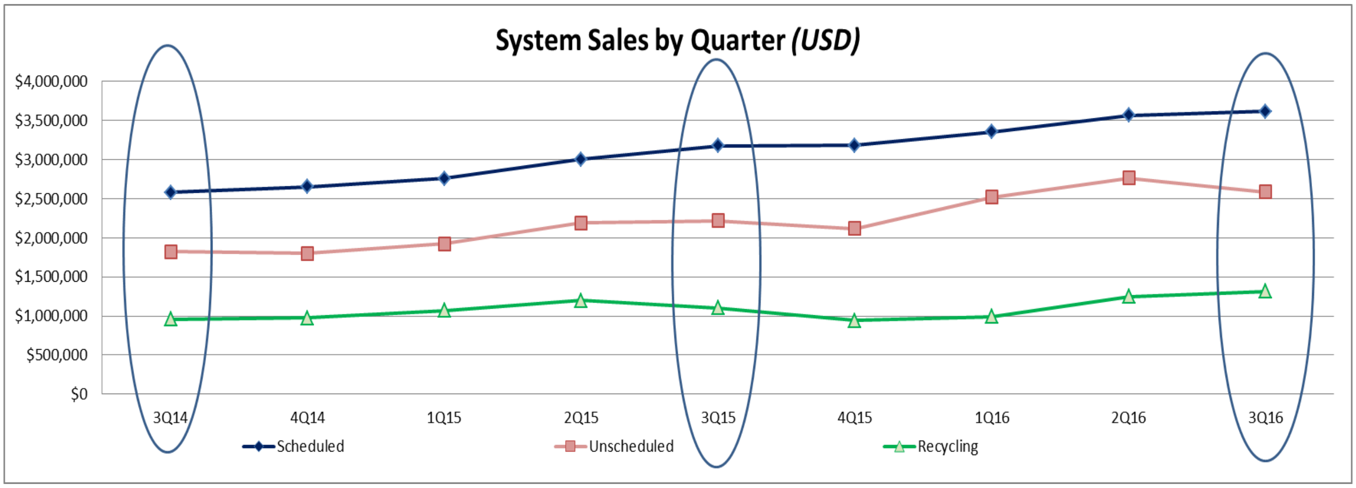
	3 months ended September 30			*9 months ended September 30*		
	2016	2015	%Ch	**2016**	2015	%Ch
Total operating locations at period end; US and International	**36**	34	6%	**36**	34	6%
Operating territories – (US only)	**123.5**	117.4	5%	**123.5**	117.4	5%
Total system sales (USD)	**$7,511,789**	$6,497,246	16%	**$ 21,957,104**	$ 18,637,512	18%
Total system sales (CDN)	**$9,930,585**	$ 8,121,558	22%	**$ 29,028,069**	$ 23,483,265	24%

The following chart illustrates system sales growth in USD by quarter since the 3rd quarter of 2011.



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$6,198,863 for the third quarter of 2016, growing by US$806,954 or 15% over the third quarter of 2015. For the nine months ended September 30, 2016, service related system sales grew from US$15,266,161 to US$18,406,705, a 21% increase over the comparative 2015 period.

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. This focus resulted in continued growth in this category in the first nine months of 2016 versus the same period in 2015. For the three months ended September 30, 2016, scheduled sales reached a record high of US$3,615,490.

	3 months ended September 30			*9 months ended September 30*		
	2016	2015	%Ch	**2016**	2015	%Ch
	$	$		**$**	$	
Scheduled service sales (USD)	**3,615,490**	3,172,188	14%	**10,536,533**	8,932,245	18%
Same store scheduled service sales (USD)	**3,613,565**	3,172,188	14%	**10,534,142**	8,932,245	18%

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. For the three months ended September 30, 2016, unscheduled sales reached a record high of US$2,583,373, growing 16% over the same period in 2015.

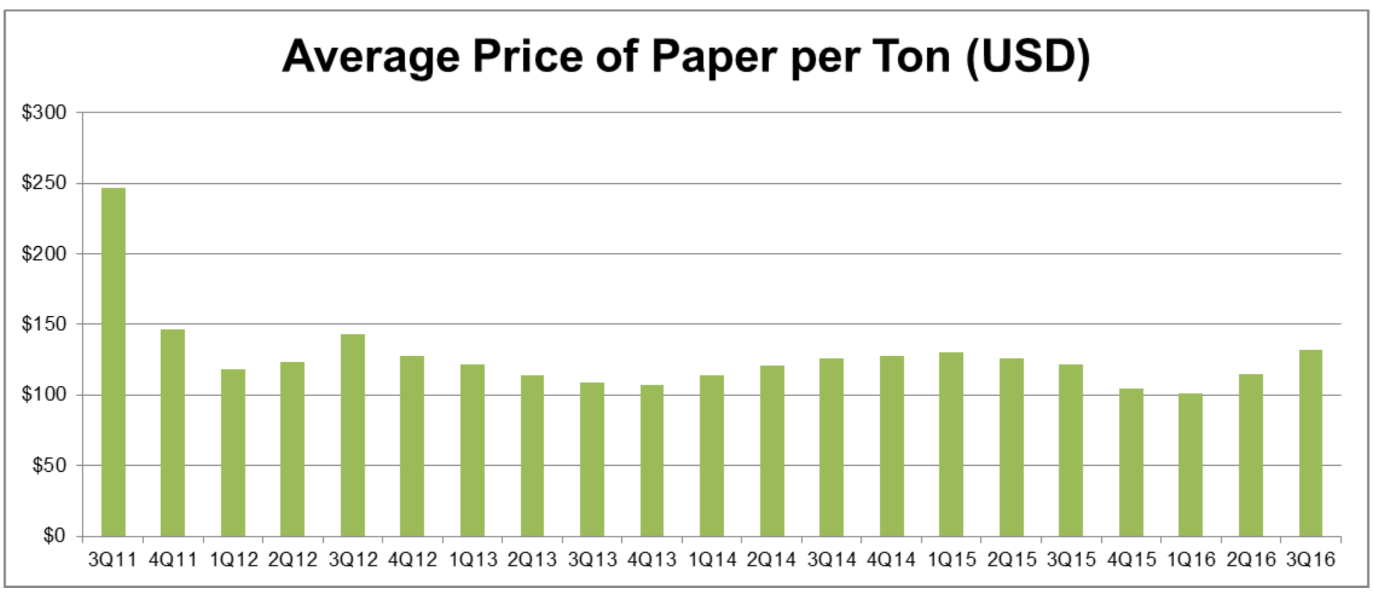
	3 months ended September 30			*9 months ended September 30*		
	2016	2015	%Ch	**2016**	2015	% Ch
	$	$		**$**	$	
Unscheduled service sales (USD)	**2,583,373**	2,219,721	16%	**7,870,172**	6,333,916	24%
Same store unscheduled service sales (USD)	**2,555,213**	2,219,721	15%	**7,819,021**	6,333,916	23%

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.

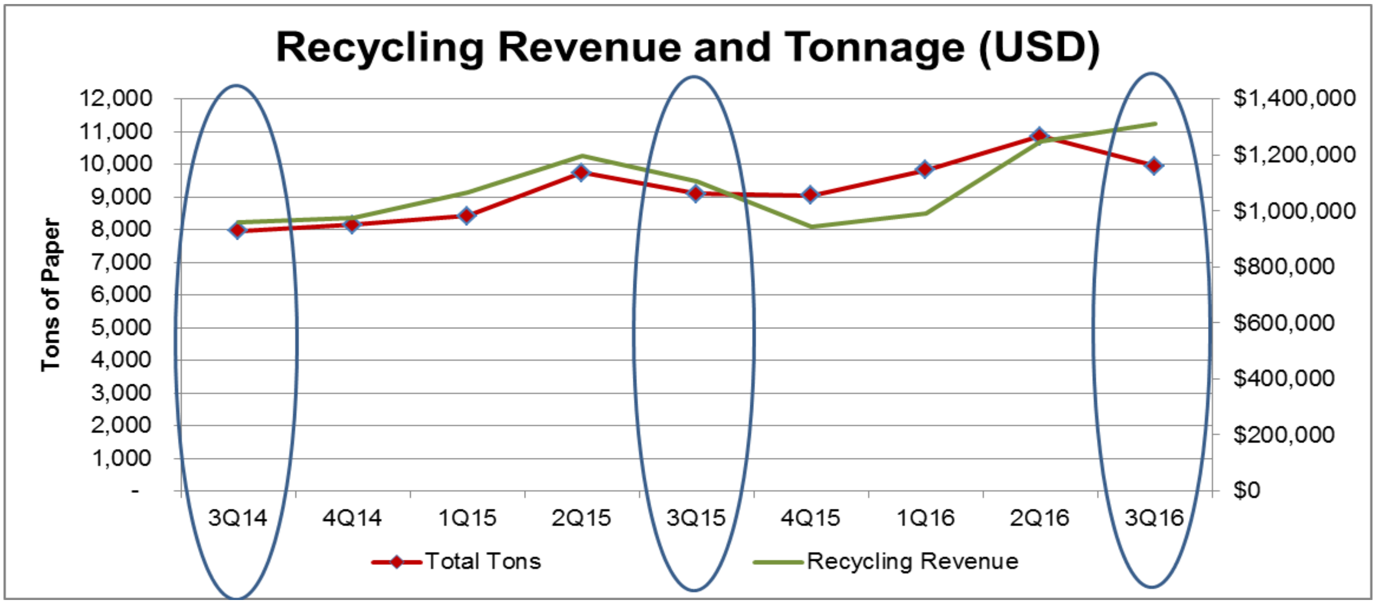
Historical Pricing Trends:

During the third quarter of 2016, the average price of paper in the Proshred system was US$132 per ton, versus US$122 per ton in the third quarter of 2015, an increase of 5%. Paper pricing has remained in a band between $100 per ton and $130 per ton over the last 10 quarters due to softness in commodity prices. During the last two quarters, paper pricing in the Proshred system has increased by 15% quarter over quarter as there has been a recovery in paper based commodity prices both abroad and domestically in the US.

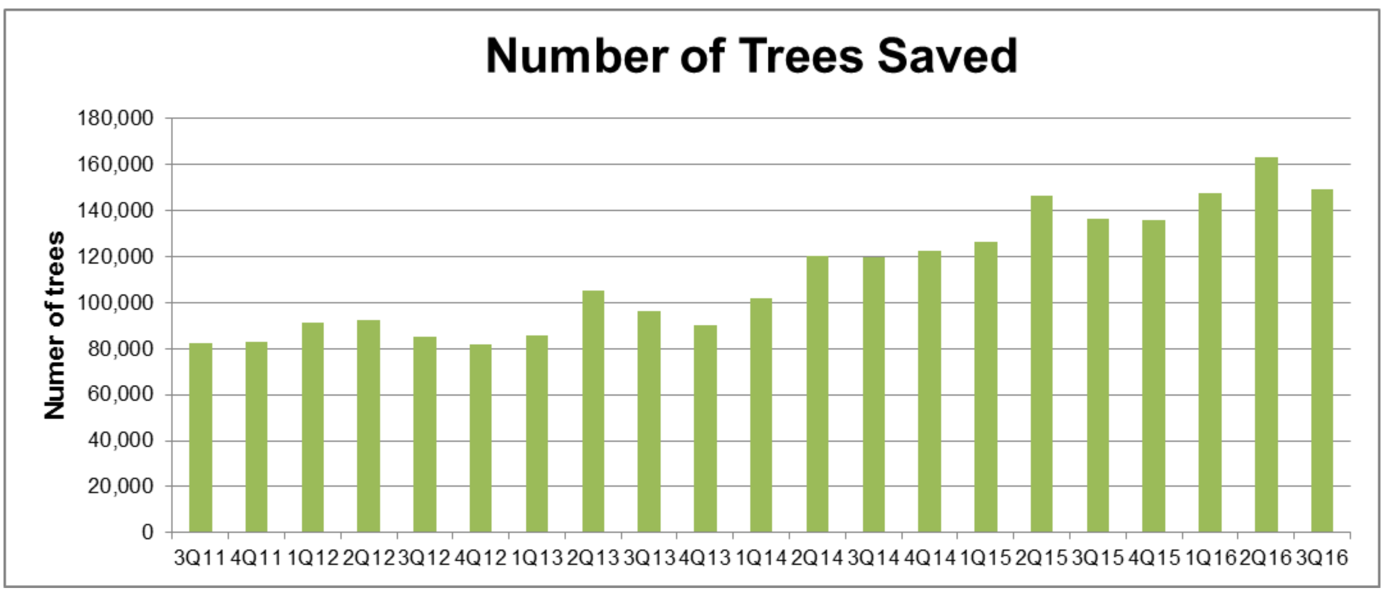


During the first nine months of 2016, the system shred and recycled 12% more paper than the 2015 comparative period, driving recycling revenues upwards. The Proshred system shred and recycled 9,900 tons of paper during the third quarter of 2016 (third quarter of 2015 – 9,000), which equates to 149,000 trees being saved (third quarter of 2015 – 136,000). (1)

	3 months ended September 30			*9 months ended September 30*		
	2016	2015	%Ch	**2016**	2015	%Ch
	$	$		**$**	$	
Recycling sales (USD)	**1,312,926**	1,105,337	19%	**3,550,987**	3,371,351	5%
Same store recycling sales (USD)	**1,307,108**	1,105,337	18%	**3,542,703**	3,371,351	5%



(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.

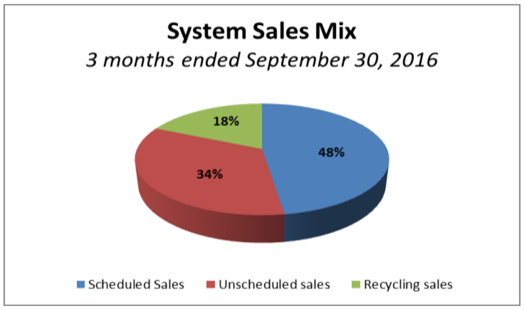


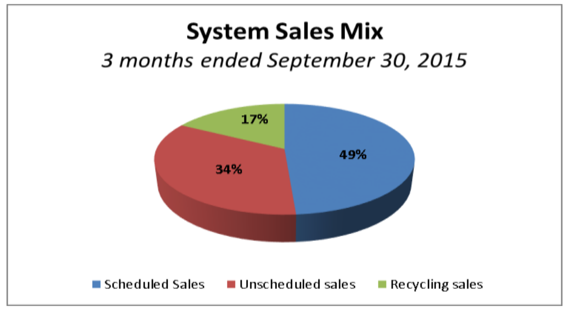
(2) The estimated amount of paper that can be produced from a tree has been conservatively estimated by management based on information taken from Conservatree.org.

Mix of business:

Three months ended September 30, 2016 (Comparative period for 2015 in parenthesis):

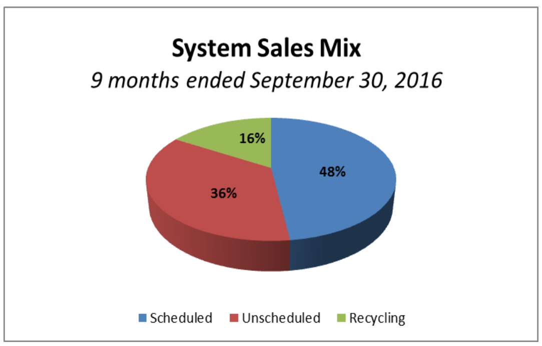
Scheduled sales account for 48% of total sales (September 30, 2015 – 49%). Unscheduled sales account for 34% of total sales (September 30, 2015 – 34%). Recycling sales account for 18% of total sales (September 30, 2015 – 17%). Scheduled revenue growth continues to be our long-term focus from a sales and marketing perspective, as it allows the Company and it's Franchisees to generate stable and recurring cash flows.

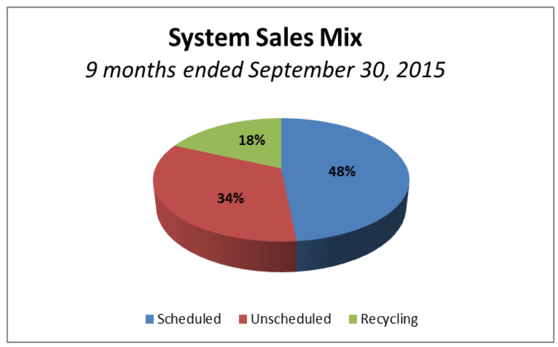




Nine months ended September 30, 2016 (Comparative period for 2015 in parenthesis):

Scheduled sales accounted for 48% of total sales (September 30, 2015 – 48%). Unscheduled sales accounted for 36% of total sales (September 30, 2015 – 34%). Recycling sales accounted for 16% of total sales (September 30, 2015 – 18%).





Franchising & Licensing

Total Revenue

	3 months ended September 30			*9 months ended September 30*		
	2016	2015	% Ch	**2016**	2015	%Ch
	$	$		**$**	$	
Franchise and license fees	**67,611**	4,120	1541%	**245,253**	33,229	638%
Royalty and service fees	**480,039**	415,832	15%	**1,391,350**	1,166,812	19%
Total revenue	**547,650**	419,952	30%	**1,636,603**	1,200,041	36%

Royalties and service fees are charged for use of the trademarks and system, franchise and license fee revenue is generated when a franchise or license is awarded and training is completed. Royalty and service fees earned in 2016 were higher than in 2015 by 19% due to increased system sales, including scheduled, unscheduled and recycling system sales and due to the strengthening of the US dollar versus the Canadian dollar.

During the third quarter of 2016, the Company recognized franchise fee revenue related to the Jacksonville, FL location. The Jacksonville franchised location will not commence operations as the franchise was terminated due to family medical issues. The franchise fee is not refundable.

The Company earns all franchising and licensing related revenues in US dollars, which are translated at the average exchange rate for the period. For the three months ended September 30, 2016, total revenue denominated in US dollars was US$414,259 (three months ended September 30, 2015 – US$333,295). For the nine months ended September 30, 2016, total revenue denominated in US dollars was US$1,237,975 (nine months ended September 30, 2015 – US$952,413).

Operating Expenses

	3 months ended September 30			*9 months ended September 30*		
	2016	2015	%Ch	**2016**	2015	%Ch
	$	$		**$**	$	
Salaries	**246,178**	197,077	25%	**744,065**	610,060	22%
General, administrative and marketing	**250,450**	220,244	14%	**816,751**	666,287	23%
Broker's fees	**18,271**	-	-%	**57,732**	-	-%
Total operating expenses	**514,899**	417,321	23%	**1,618,548**	1,276,347	27%

Operating expenses for the three and nine months ended September 30, 2016 include expenses to support 36 Proshred locations in operations, 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. During the first nine months of 2016, selling, general and administrative expenses increased as a result of increased headcount, consulting, broker's fees and outsourced technology costs. The Company continues to closely monitor and control all operating expenses.

Amortization – Franchising

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

	3 months ended September 30			*9 months ended September 30*		
	2016	2015	%Ch	**2016**	2015	%Ch
	$	$		**$**	$	
Amortization – intangible assets	**148,470**	149,722	(1)%	**448,432**	441,453	2%

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 three months ended September 30, 2016, the corporate location revenues grew by 20% over the same comparative prior year period. The Company also increased EBITDA by 10% and operating income by 4% over the three months ended September 30, 2015. During the nine months ended September 30, 2016, the corporate location revenues grew by 28% over the same comparative prior year period. The Company also increased EBITDA by 10% and operating income by 7% over the nine months ended September 30, 2015.

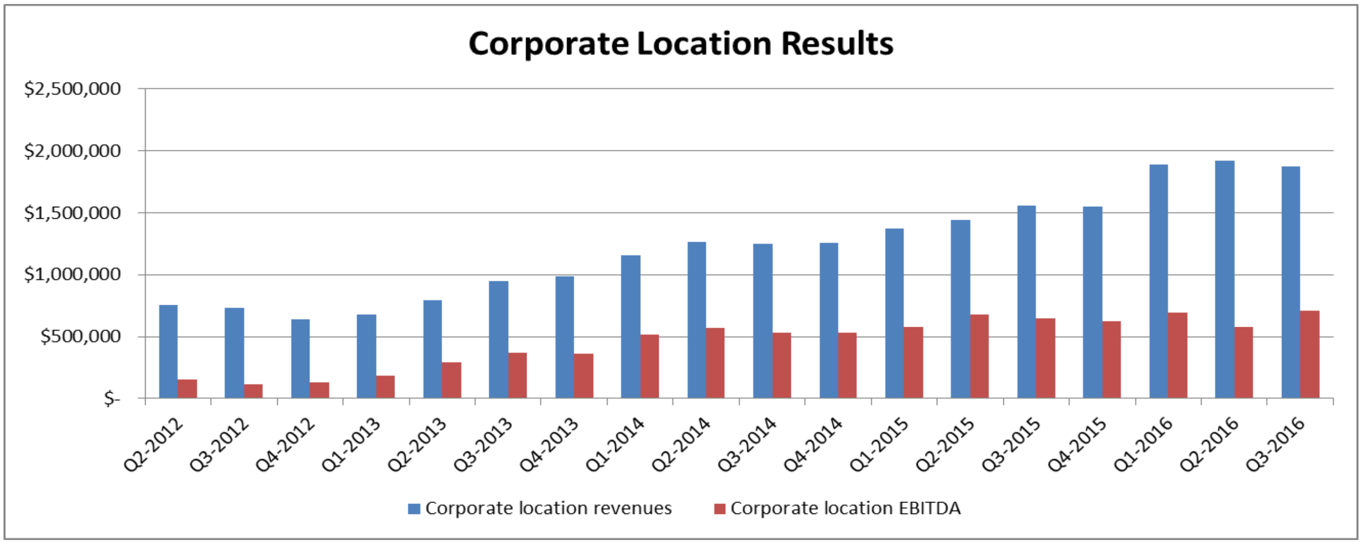
	3 months ended September 30				*9 months ended September 30*			
	2016	% of revenue	2015	% of revenue	**2016**	% of revenue	2015	% of revenue
	$		$		**$**		$	
Revenue:								
Shredding service	**1,586,024**	85%	1,309,120	84%	**4,816,664**	86%	3,644,651	83%
Recycling	**284,712**	15%	245,437	16%	**788,789**	14%	727,351	17%
Total revenue	**1,870,736**	100%	1,554,557	100%	**5,605,453**	100%	4,372,002	100%
Operating costs	**1,162,739**	62%	908,449	58%	**3,512,800**	63%	2,471,505	56%
EBITDA	**707,997**	38%	646,108	42%	**2,092,653**	37%	1,900,497	44%
Depreciation - equipment	**160,070**	9%	120,789	8%	**443,110**	8%	360,985	8%
Corporate operating income	**547,927**	29%	525,319	34%	**1,649,543**	29%	1,539,512	35%

Corporate location revenues and operating costs are generated in US dollars, which are translated at the average exchange rate for the period. For the three months ended September 30, 2016, corporate location revenues, denominated in US dollars were US$1,415,080 (three months ended September 30, 2015 - US$1,233,775). For the nine months ended September 30, 2016, corporate location revenues, denominated in US dollars were US$4,240,131 (nine months ended September 30, 2015 – US$3,469,843).

	3 months ended September 30, 2016	9 months ended September 30, 2016
	$	$
Total Corporate operation revenue	**1,870,736**	**5,605,453**
Less: acquired sales		
Scheduled sales	47,179	135,264
Unscheduled sales	84,450	163,518
Recycling sales(1)	31,591	71,708
Total acquired sales	163,220	370,490
Same store corporate operation revenue	**1,707,516**	**5,234,963**

	3 months ended September 30			*9 months ended September 30*		
	2016	2015	%Ch	**2016**	2015	%Ch
	$	$		**$**	$	
Same store corporate revenue	**1,707,516**	1,554,557	10%	**5,234,963**	4,372,002	20%

(1) Management estimates recycling sales based on the year to date 2016 average recycling sales as a percentage of service sales (scheduled and unscheduled sales).



Note (1): The Company acquired the assets of Recordshred Inc. on December 31, 2015.
Note (2): Corporate operating income does not include an allocation of corporate overhead.

Depreciation and Amortization

Depreciation and amortization relates to the assets purchased in relation to the Syracuse, Albany, Milwaukee, New York City, Charlotte and Miami corporate locations. During the nine months ended September 30, 2016, the depreciation and amortization – equipment increased due to the addition of assets. The Company purchased two new shredding vehicles and traded in two used shredding vehicles. In addition, the Company purchased a used shredding vehicle, computers, furniture, shredding containers, a delivery vehicle and upgraded shredding equipment.

Depreciation and amortization are as follows:

	3 months ended September 30			*9 months ended September 30*		
	2016	2015	%Ch	**2016**	2015	%Ch
	$	$		**$**	$	
Depreciation and amortization – equipment	**160,070**	120,789	33%	**443,110**	360,985	23%
Depreciation and amortization – intangibles	**226,242**	238,281	(5%)	**684,236**	686,591	0%
Depreciation and amortization	**386,312**	359,070	8%	**1,127,346**	1,047,576	8%

Operating income

During the first nine months of 2016 the Company grew its corporate store sales and franchise and license revenue resulting in a 14% increase in operating income compared to 2015.

	3 months ended September 30			*9 months ended September 30*		
	2016	2015	%Ch	**2016**	2015	%Ch
	$	$		**$**	$	
Operating income	**580,678**	527,950	10%	**1,667,598**	1,463,206	14%

Foreign exchange

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.

Exchange rates utilized

As at,	2016 Q3	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2
	$	**$**	**$**	**$**	**$**	**$**
Balance sheet date exchange rates (CDN to USD)	**1.313**	1.290	1.300	1.384	1.335	1.249
% change	*2%*	*(1)%*	*(6)%*	*4%*	*7%*	

	9 months ended September 30 **2016**	2015	%Ch
	$	$	
Average exchange rates for the period (CDN to USD)	**1.322**	1.260	5%

Foreign exchange gain (loss) was as follows:

	3 months ended September 30 **2016**	2015	%Ch	*9 months ended September 30* **2016**	2015	%Ch
	$	$				
Realized foreign exchange gain (loss)	**3,797**	**(127,060)**	103%	**95,325**	31,526	202%
Unrealized foreign exchange gain (loss)	**96,373**	**328,500**	(71)%	**(167,962)**	663,447	(125)%
Foreign exchange gain (loss)	**100,170**	**201,440**	(50)%	**(72,637)**	694,973	(110)%

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 5.95% to 8.0% 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 9% per annum. Interest expense decreased in the first nine months of 2016 in comparison to the prior comparative period as a result of the principal repayments made on the line of credit.

	3 months ended September 30 **2016**	2015	%Ch	*9 months ended September 30* **2016**	2015	%Ch
	$	$		**$**	$	
Interest income	**1,530**	4,312	(65)%	**6,130**	8,562	(28)%
Interest expense	**(207,704)**	(193,578)	7%	**(554,790)**	(562,307)	(1)%

Income Tax

On March 17, 2008 the Company booked a future tax liability relating to the purchase of PSC and Proshred Franchising Corp. ("PFC"). During the nine months ended September 30, 2016, the Company booked a tax recovery of $55,445. The recovery is primarily due to the reversal of timing differences related to the future tax liability that was recorded upon the acquisition of PSC. This tax recovery was offset by withholding and state taxes of $82,627.

At December 31, 2015 the Company has incurred non-capital losses of $6,900,000 in Canada and $1,260,000 in the U.S. that can be carried forward to reduce income taxes payable. The losses expire at various times through December 31, 2034.

Net income

For the nine months ended September 30, 2016, net income before foreign exchange and the gain (loss) on sale of assets improved by 56% over the prior period. The improvement was a result of (1) the improvement in operating income produced by the corporate locations and (2) the increased royalties and franchise fees generated from the franchise system. The Company incurred a loss on the sale assets due to the trade-in of two of its shredding vehicles. The vehicles were traded in to upgrade the chassis power and shredding capability in the NYC market to enhance productivity.

Reconciliation of operating income to net income

	3 months ended September 30			*9 months ended September 30*		
	2016	2015	%Ch	**2016**	2015	%Ch
	$	$				
Operating income	**580,678**	527,950	10%	**1,667,598**	1,463,206	14%
Less: amortization - intangible assets	**(226,242)**	(238,281)	5%	**(684,236)**	(686,591)	0%
Less: interest expense	**(207,704)**	(193,578)	(7)%	**(554,790)**	(562,307)	1%
Add: interest income	**1,530**	4,312	(65)%	**6,130**	8,562	(28)%
Income tax recovery (expense)	**(29,234)**	15,861	(284)%	**(27,182)**	38,326	(171)%
Income before foreign exchange and gain (loss) on sale of assets:	**119,028**	116,264	2%	**407,520**	261,196	56%
Foreign exchange gain (loss)	**100,170**	201,440	(50(%	**(72,637)**	694,973	(110)%
Gain (loss) on sale of assets	**(143,609)**	45,556	(415)%	**(143,609)**	48,641	(395)%
Net income	**75,589**	363,260	(79)%	**191,274**	1,004,810	(81)%

Selected Quarterly Results

	2016			2015				2014
(in CDN except where noted)	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
	$	$	$	$	$	$	$	$
System sales (USD)	**7,511,789**	**7,579,784**	**6,865,531**	**6,246,162**	**6,497,246**	**6,391,020**	**5,749,247**	**5,420,366**
Total Revenue	**2,418,386**	**2,475,518**	**2,348,152**	**2,105,982**	**1,974,509**	**1,824,583**	**1,772,951**	**1,570,967**
Franchise and license fees	67,611	175,006	2,636	122,533	4,120	2,210	26,899	1,484
Royalty and service fees	480,039	457,819	453,492	434,070	415,832	378,989	371,991	312,171
Total revenue from franchising and licensing	**547,650**	**632,825**	**456,128**	**556,603**	**419,952**	**381,199**	**398,890**	**313,655**
On-going operating costs	(496,628)	(528,150)	(536,038)	(688,820)	(417,321)	(453,747)	(405,279)	(453,871)
Broker fees	(18,271)	(39,461)	-	(42,572)		-	-	(334)
Impairment of note receivable	-	-	-	-	-	-	-	(432)
Total operating expenses	(514,899)	(567,611)	(536,038)	(731,392)	(417,321)	(453,747)	(405,279)	(454,637)
Franchising and licensing EBITDA and operating income	**32,751**	**65,214**	**(79,910)**	**(174,789)**	**2,631**	**(72,548)**	**(6,389)**	**(140,982)**
Corporate locations revenue	1,870,736	1,842,693	1,892,024	1,549,379	1,554,557	1,443,384	1,374,061	1,257,312
Corporate locations operating costs	(1,162,739)	(1,154,551)	(1,195,510)	(922,668)	(908,449)	(764,529)	(798,527)	(723,584)
Corporate locations EBITDA	**707,997**	**688,142**	**696,514**	**626,711**	**646,108**	**678,855**	**575,534**	**533,728**
Depreciation – equipment	(160,070)	(138,883)	(144,157)	(137,570)	(120,789)	(119,418)	(120,778)	(109,688)
Total operating income – corporate	**547,927**	**549,259**	**552,357**	**489,141**	**525,319**	**559,437**	**454,756**	**424,040**
Consolidated EBITDA	**740,748**	**753,356**	**616,604**	**451,922**	**648,739**	**603,307**	**569,145**	**392,746**
Total operating income - Company	**580,678**	**614,473**	**472,447**	**314,352**	**527,950**	**486,889**	**448,367**	**283,058**
Income (loss) before taxes from continuing operations	104,823	191,569	(77,936)	206,141	347,399	18,358	600,727	102,305
Income (loss) attributable to owners of the parent	75,589	188,267	(72,582)	(112,571)	363,260	35,710	605,840	109,433
Basic and diluted net income (loss) per share	.00	.01	(.00)	.00	.01	.00	.02	.00

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

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Selected Quarterly Results (continued)

Service related system sales continue to grow each quarter, 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 typically 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.

Financial Condition, Capital Resources and Liquidity

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

Operational and Financial Strategy

The Company has implemented the following operational and financial strategies which the Company expects will have a positive impact on its EBITDA and Cash generation:

Operational Strategy:	**Results obtained or to be obtained:**
Continued focus on outside sales in corporately operated locations	Recurring scheduled revenue in the Corporate locations (adjusting for acquired results) grew 17% year to date in 2016 over the same period in 2015. Local sales professionals building relationships in their communities, drives this recurring revenue stream.
Centralization of inside sales in Mississauga, Canada	The Company has completed the transition of inside sales for our corporate locations to Toronto, with the goal to improve quality of client experience and lead conversion rates. Corporate location unscheduled revenue has grown 37% in 2016 versus 2015 after adjusting for acquired results. The Company may offer this service to franchisees in the future.
Centralization of administration in Mississauga, Canada	The Company's management have initiated the process to migrate the order to cash processes to Toronto for its corporate locations with a view to (1) Improving invoicing and collections speed, and (2) allowing the local corporate store teams to focus on client care and local relationship building.

Financial Strategy:	**Results obtained or to be obtained:**
Conduct tuck-in acquisitions	The integration of smaller acquisitions in existing corporate location markets will enhance route density while utilizing existing operations and resources, thereby enhancing Company EBITDA and cash flow. Acquisitions to date have been accretive to the Company's EBITDA and cash flow.
Award new franchise locations	The Company will look to continue its strategy to expand its location footprint by awarding new franchises. Typically, new franchise locations generate between $35,000 USD and $100,000 USD in initial franchise fees and in the longer term drives the Company's recurring royalty stream.
Debt reduction	The Company has reduced its non-truck related debt by over $500,000 to date in 2016, thereby reducing interest payments by close to $50,000 on an annual basis. The Company will continue to look to reduce this category of debt with a view to replacing this debt with more typical senior debt from tier one banks.

Balance Sheet

	September 30, 2016	December 31, 2015
	$	$
Working capital	**457,317**	21,721
Total assets	**10,026,273**	10,713,530
Total liabilities	**9,609,495**	10,183,518

The total assets of the Company have decreased when compared to December 31, 2015 primarily as a result of the appreciation of the Canadian dollar, as a significant portion of the Company's assets are denominated in US dollars. The total liabilities of the Company have decreased over the prior year as a result of principal repayments of the Company's debt that was offset by the appreciation of the Canadian dollar. The Company has $1.058 million available for use on its line of credit as of September 30, 2016.

At September 30, 2016, current liabilities of $1,850,737 (December 31, 2015 - $2,140,384) are due to be settled within one year from the balance sheet date.

The Company has the following operating lease commitments:

	$
Less than 1 year	**219,899**
Between 1 and 5 years	**139,908**
Total	**359,807**

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.

The Company did not declare any dividends during the year.

During the nine months ended September 30, 2016, 55,000 stock options were exercised. The following are the balances of issued common shares of the Company.

	Common stock	
	Number	**$**
September 30, 2016	28,939,658	8,587,995
December 31, 2015	28,884,658	8,585,808

Line of Credit

The Company has drawn from its line of credit in order to finance the purchase of all of its corporate locations with the exception of Charlotte and 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 rate remains at 10% per annum, paid semi-annually and the facility remains at $6.03 million. The Company has $1.06 million available for use on its line as of September 30, 2016.

Capital Assets

As at,	**September 30, 2016**	December 31, 2015	% Ch
	$	$	
Net book value	**3,257,037**	3,155,192	3%

During the first nine months of 2016, capital assets (not including intangible assets) increased as a result of the purchase of a three shredding vehicles, computers, furniture, shredding containers, a delivery vehicle and upgraded shredding equipment. The Company also traded in two used shredding vehicles. These purchases offset the decrease in asset values as a result of the appreciation of the Canadian dollar, as a significant portion of the assets are denominated in USD.

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. There are no accounts receivable outstanding from this franchise at September 30, 2016 ($nil – December 31, 2015). During the nine months ended September 30, 2016, the Company earned royalty, service and franchise fees amounting to $126,005 (2015 - $87,650) from this franchise. In June 2016, this Director was awarded the Orlando, Florida franchise for a purchase price of US $50,000. The Company financed 50% of the purchase price. Included in notes receivable from franchisees is a US $25,000 three year note receivable at an interest rate of 5% per annum.

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 all of its corporate locations with the exception of Charlotte and for general business purposes.

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 purchase of the Proshred Charlotte franchise on July 31, 2013, the Company entered into the following loan agreements with related parties:

(a) A 5 year loan and security 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 value of the loan on September 30, 2016 is CAD$525,750;

(b) A 5 year loan and security 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 value of the loan on September 30, 2016 is CAD$98,475 (US$75,000);

(c) A 4 year loan and security 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 value of the loan on September 30, 2016 is CAD$26,180;

(d) A 4 year loan and security 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 value of the loan on September 30, 2016 is CAD$17,187 (US$13,090).

Risks and Uncertainties

Please refer to the Redishred 2015 Annual Report for a listing of all risks and uncertainties. There have been no material changes relating to the Company's risks and uncertainties since December 31, 2015, the Company's fiscal year-end.

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. The significant areas of judgements, estimates and assumptions are set out in Note 4 of the consolidated financial statements found in Redishred's 2015 Annual Report. The most significant estimates relate to the impairment and reversals of impairment of tangible and intangible assets. During the most recent interim period, there have been no changes in the Company's accounting policies or procedures and other processes that have materially affected, or are reasonably likely to materially affect, the Company's accounting judgements, estimates and assumptions.

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 September 30, 2016, there were 28,939,658 issued and outstanding common shares. As at September 30, 2016 there were 1,800,000 options to acquire common shares. During the nine months ended September 30, 2015, no stock options expired (for the nine months ended September 30, 2015 – 142,500). There were 25,000 stock options granted during the nine months ended September 30, 2016 (for the nine months ended September 30, 2015 – 730,000). During the nine months ended September 30, 2016, 55,000 stock options were exercised (for the nine months ended September 30, 2015 – Nil). The net stock compensation charge, after adjusting for stock option forfeitures, amounted to $5,350 (for the nine months ended September 30, 2015 – $51,547). As of November 29, 2016 there are 28,939,658 issued and outstanding common shares, 1,800,000 options to acquire common shares. There are 1,250,000 common shares issuable on conversion of the debentures.

Dated: November 29, 2016