

EmerGeo Solutions Worldwide Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Three and Six months ended September 30, 2010 and 2009

Dated November 26, 2010

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Three and six months ended September 30, 2010 and 2009

This Management's Discussion and Analysis ("MD&A") of EmerGeo Solutions Worldwide Inc. (the "Company" or "EmerGeo") has been prepared by management as of November 26, 2010 and should be read in conjunction with the Company's consolidated interim financial statements and related notes thereto as at and for six months ended September 30, 2010 and 2009 and audited consolidated financial statements and related notes thereto as at and for the years ended March 31, 2010, which were prepared in accordance with Canadian Generally Accepted Accounting principles. The Company is presently a "Venture Issuer", as defined in NI 51-102.

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding the future results of operations, performance and achievements of the Company. The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect" and similar expressions. The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

Description of the Business

EmerGeo Solutions Worldwide Inc. was incorporated on October 16, 1997 under the laws of British Columbia. The Company is in the business of developing, integrating, selling and supporting emergency management and security software solutions and services. EmerGeo's own crisis management and mapping software suite provides reliable, open-standards based software solutions that help government and industry to mitigate against, prepare for, respond to and recover from potential and actual incidents, natural disasters, acts of terrorism or other major events.

The Company is a leading provider of Emergency Management software. It sells to emergency management and homeland security industries around the globe. Historically, governments and industry have relied on manual (paper-based) tracking systems and voice communications to coordinate and support emergency response activities and resources. EmerGeo's software is designed to efficiently log, manage and communicate information among responders and provide tools to support life safety, property protection and environmental conservation. Its open standards technology enables seamless integration with GIS (mapping), security (camera), resource tracking (GPS), alerting and other technologies to provide a Common Operating Picture (COP) across multiple departments and agencies. The software provides an integration platform called Fusionpoint™ with optional interfaces to world leading crisis management,

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alert/notification, and disaster simulation solutions. EmerGeo leverages sales globally through partnerships with complimentary technology providers and integrators, such as CAE and ESRI.

We continue to focus our research & development on our core competencies - emergency management information systems and geographic information systems (GIS) software development. Our latest release of the EmerGeo Mapping™ and Fusionpoint™ software applications have been released and market acceptance has been positive. These latest versions of the software have been used during major emergencies and events around the world, including security operations for the 2010 Olympic Games (Vancouver), Formula 1 (F1) motor racing and FIFA soccer events in Abu Dhabi. These product advancements are raising the price point and profit margins, expanding use, and increasing the scalability of our solutions.

Selected Annual Information

Years ended March 31,	2010	2009	2008
	\$	\$	\$
Revenues	2,956,687	2,082,336	962,375
Net income (loss)	(2,030,572)	(1,920,687)	15,604
Loss per share, basic and diluted	(0.12)	(0.12)	-
Total assets	2,322,139	2,387,516	644,870
Total long-term financial liabilities	Nil	Nil	Nil
Cash dividends declared	Nil	Nil	Nil

Operations and Corporate Updates

Product Updates

EmerGeo Fusionpoint™

EmerGeo's latest crisis management software product called EmerGeo Fusionpoint™ has positioned the Company to capture larger integration business directly and forge alliances with large system integration companies engaged in the global emergency management and security market. EmerGeo Fusionpoint has performed very well since initial deployment in October 2009 (Q4 of Fiscal 2010), including use at the Vancouver Emergency Operation Centre during the 2010 Olympics for incident monitoring and automated alerting.

Building on the Company's disaster-proven technology and experience, EmerGeo Fusionpoint provides a unified view of information through consumption of data from multiple systems commonly used in response to emergencies: crisis information management software, 9-1-1 dispatch systems, electronic (GIS) mapping, security cameras and other systems. EmerGeo Fusionpoint uses the latest open web standards and SOA (Service Oriented Architecture) to enable integration with a wide variety of systems. EmerGeo's

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unique and proprietary Fusion Service technology, and Enterprise Service Bus with “Intelligent Connectors”, addresses a common need in the emergency management market – improving communication and collaboration among multiple responding agencies during disaster and major events (or ‘Interoperability’).

The market has also asked for a simple web-based ‘dashboard’ solution. Customers simply drag-and-drop their application windows (“widgets”) into the EmerGeo Fusionpoint dashboard to create a custom emergency management web portal to monitor critical information in real-time and log/track incidents, response activities and resources. Role-based security and filters combined with EmerGeo’s proprietary geo-spatial workflow engine are used to ensure the right level of information is displayed for each user and real-time updates are distributed across multiple Fusionpoint servers to enable multi-agency interoperability. More information can be obtained from the Company’s website at <http://www.emergeo.com>.

Operations Update

The Company’s software continues to be proven-effective during major emergencies, disasters and planned events. EmerGeo Software was implemented within a few weeks and used by the Province of Manitoba for the Red River Flood event. The software was also used in the United Arab Emirates by the Abu Dhabi Police in their emergency and crisis management work, including security operations at the inaugural *Yas Island Formula 1*[®] Race and FIFA Cup soccer event. Several customers have used the software to track the global outbreak of the H1N1 Virus, develop plans for this and other hazards, manage security operations for the 2010 Olympic Games[®] and run exercise to enhance their preparedness. Importantly, the success of these implementations has opened large integration project opportunities for EmerGeo software and services throughout the UAE, USA, India, Europe and China.

Investment in our market sector, public safety and homeland security continues to grow despite the current upheaval in World financial markets. The Company is well positioned to secure large contracts in existing markets and new emerging markets, including the Middle East (Gulf Cooperation Council), India and Australia.

EmerGeo’s technology helps responders to do more with less and leverage their investments in existing systems by fusing data from those systems using the Fusionpoint portal. We are helping our customers bring essential data together and turn it into actionable intelligence. The Company continues to invest in sales and marketing, research and development and has a renewed focus on leverage several strategic partnerships with global systems integrators to escalate global growth.

Below is a brief summary of a few key business activities that EmerGeo has successfully completed:

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1. United Arab Emirates

- a. EmerGeo software was purchased by a leading national organization responsible for managing and coordinating all efforts related to crisis and emergency. It is being used regularly and integration and expansion plans for the system are underway.
- b. EmerGeo's Fusionpoint software has been installed at ADNOC headquarters' crisis management centre - the national oil company in Abu Dhabi. The company is now actively pursuing expansion opportunities among its eighteen (18) subsidiary companies.
- c. Several sizeable multi-year, multi-million dollar proposals have been submitted for the supply of EmerGeo's emergency management software in new state of the art emergency operation and simulation centres across the Middle East.

2. North America

- a. EmerGeo has successfully implemented its software in several Provincial and local government operation centres as well as large nuclear and utility organizations.
- b. EmerGeo software (Fusionpoint) was released and successfully used by the City of Vancouver during the 2010 Olympic Winter Games and this has opened doors to future use at Olympic Games and other major international sporting and security events around the world.
- c. Several large business opportunities have recently opened up within the US federal government, port authorities and local agencies. EmerGeo is aligned with large US system integrators on several of these projects.
- d. EmerGeo has been contracted to provide its software for two major US-Canada cross border emergency exercises in 2011.

3. Australia

- a. EmerGeo software was selected after an intensive 2-year pilot as the standard emergency management system that enables real-time information and data sharing between multiple emergency response agencies across Western Australia.
- b. EmerGeo's software was implemented by the Victoria Police to support wildfire and other types of response operations. Additional sales to state and local agencies are expected as a result of these successes and recent disasters in Australia.

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4. Strategic Alliances

Several strategic alliances have been formed to leverage our sales and technology around the world. The Company has also secured Reseller Agreements with partners in the USA, Europe, India, the Middle East and the Caribbean.

EmerGeo will continue to build, integrate and implement its best in class emergency management information system solutions that are proven effective at helping save lives, securing property and protecting the environment – around the Globe.

Management Changes and Cost Cutting Measures

During the period, the Company has reduced its workforce by 40% and implemented voluntary salary reductions and deferrals to streamline and focus operations and reduce costs. These reductions, along with other cost cutting initiatives, are expected to achieve annualized cost savings of \$1.5 million dollars beginning in October 2010.

To assist in streamlining the Company's operations, Rick MacDonald has joined the Company as CEO. Rick brings many years of experience in senior corporate leadership roles and service on various Boards of Directors where his work has focused on building technology companies. His extensive experience and successes in effectively driving market positioning and operations infrastructure will provide strong value to our customers, shareholders and partners.

Michael Morrow will remain as President with a focus on closing local and international sales, supporting channel partners and aligning the company with large system integrators to secure large implementations around the world.

Tony Ricci has resigned as the Company's CFO to pursue other interests. Gary Craig, EmerGeo's VP of Finance & Administration, is acting CFO while the company seeks a replacement.

Additional Financing - \$200,000 Convertible Loan with GrowthWorks

On September 29, 2010 the Company completed a \$200,000 convertible loan with GrowthWorks' Working Opportunity Fund (EVVC) Ltd. ("GrowthWorks"). The loan is payable upon demand and bears interest at an annual rate of 16%, to be paid monthly. EmerGeo will use the proceeds of the loan to meet short-term working capital requirements.

GrowthWorks may, at its option at any time up to September 28, 2015, convert the principal amount of the loan into EmerGeo shares at a price of \$0.25 per share, for a total of 800,000 EmerGeo shares.

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Discussion of Operations and Financial Condition

Three months ended September 30, 2010 compared with three months ended September 30, 2009

Sales

Sales for the three months ended September 30, 2010 were \$160,136, down \$888,393 from \$1,048,529 in the same period of prior fiscal year. The decrease in revenues was mainly attributable to decreased consulting and product sales revenues in all regions.

Gross Profit (loss) and Margin

The Company's gross profit was \$229 during the period compared to gross profit of \$381,408 in the same period of prior fiscal year. Overall margins decreased from 36% to 0% for the period ended September 30, 2010. Gross margins decreased due to low sales volume resulting in an underutilization of existing implementation resources.

Expenses

General and administrative expenses decreased by \$50,396 from \$268,734 for the three months ended September 30, 2009 to \$218,338 for the period ended September 30, 2010, as a result of decreased corporate activity and other cost reduction measures compared to the prior period.

Stock-based compensation of \$20,187 was recorded during the three months ended September 30, 2010, as a result of stock options granted to the Company's employees and consultants to purchase 1,035,000 shares at \$0.18 per share for a period of ten years expiring May 19, 2020. During the three months ended September 30, 2009, the Company recorded a stock-based compensation of \$54,079 for stock options granted to the Company's employees and consultants to purchase 85,000 shares at \$0.50 per share for a period of ten years expiring April 13, 2019. Sales and marketing decreased by \$88,063 from \$170,202 for the three months ended September 30, 2009 to \$82,139 for the three months ended September 30, 2010. The decrease in sales and marketing expenses was mainly attributable to decreases in travel expenses, trade shows and conferences expenses.

Research and development decreased by \$26,467 from \$149,168 for the three months ended September 30, 2009 to \$122,701 for period ended September 30, 2010. The decrease in research and development was mainly as a result reduced use of third party consultants for R&D activities compared to the prior year.

Net Loss

During the three months ended September 30, 2010, the Company reported a net loss of \$514,756 as compared to a net loss of \$367,223 during the three months ended September 30, 2009. The increase in net

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loss of \$147,533 was mainly due to decreases in gross profit and increase in interest expenses offset by decreases in sales and marketing, research and development, general and administrative expenses and stock-based compensation.

Six months ended September 30, 2010 compared with six months ended September 30, 2009

Sales

Sales for the six months ended September 30, 2010 were \$363,127, down \$1,179,683 from \$1,542,810 in the same period of prior fiscal year. The decrease in revenues was mainly attributable to decreased consulting and product sales revenues in all regions.

Gross Profit (loss) and Margin

The Company's gross loss was \$98,375 during the period compared to gross profit of \$568,251 in the same period of prior fiscal year. Overall margins decreased from 37% to negative 27% for the period ended September 30, 2010. Gross margins decreased due to low sales volume resulting in an underutilization of implementation resources.

Expenses

General and administrative expenses decreased by \$31,643 from \$515,503 for the six months ended September 30, 2009 to \$483,860 for the period ended September 30, 2010, as a result of decreased corporate costs as well as other cost reduction measures as compared to the prior period.

Stock-based compensation of \$67,973 was recorded during the six months ended September 30, 2010, as a result of stock options granted to the Company's employees and consultants to purchase 1,035,000 shares at \$0.18 per share for a period of ten years expiring May 19, 2020. During the six months ended September 30, 2009, the Company recorded a stock-based compensation of \$143,103 for stock options granted to the Company's employees and consultants to purchase 85,000 shares at \$0.50 per share for a period of ten years expiring April 13, 2019.

Sales and marketing decreased by \$165,667 from \$449,690 for the six months ended September 30, 2009 to \$284,023 for the six months ended September 30, 2010. The decrease in sales and marketing expenses was mainly attributable to decreases in staffing levels, travel expenses, trade shows and conferences expenses.

Research and development increased by \$5,898 from \$275,779 for the six months ended September 30, 2009 to \$281,677 for period ended September 30, 2010. The increase in research and development was mainly as a result of the expansion of the Company's software development related to the next software version.

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Net Loss

During the six months ended September 30, 2010, the Company reported a net loss of \$1,377,130 as compared to a net loss of \$936,013 during the six months ended September 30, 2009. The increase in net loss of \$441,117 was mainly due to decreases in gross profit and increase in interest expenses offset by decreases in sales and marketing, research and development, general and administrative expenses and stock-based compensation.

Summary of Quarterly Results

The following is a summary of certain financial information concerning the Company for each of the last eight reported quarters:

	Sep-30- 10	Jun-30- 10	Mar-31- 10	Dec-31- 09	Sep-30- 09	Jun-30- 09	Mar-31- 09	Dec-31- 08
Revenues	160,136	202,991	593,413	820,464	1,048,529	494,281	927,187	441,244
Net income (loss)	(514,756)	(862,374)	(632,510)	(462,049)	(367,223)	(568,790)	(463,460)	(340,177)
Per share basis:								
Basic and diluted earnings (loss)	(0.03)	(0.05)	(0.04)	(0.03)	(0.02)	(0.03)	(0.03)	(0.02)

During the eight fiscal quarters beginning December 31, 2008, there have been no significant trends.

Liquidity & Capital Resources

The Company has financed its operations and met its capital requirements primarily through the sale of capital stock, use of its borrowing facilities and debt financings. The Company's main source of liquidity consisted of cash and cash equivalents. As at September 30, 2010, the Company had cash and cash equivalents of \$120,265 representing an increase of \$4,701 compared with cash and cash equivalents of \$115,564 at March 31, 2010. The increase resulted mainly from proceeds of loan of \$200,000, offset by outflow of net cash of \$202,462 from operations.

The Company's cash and cash equivalents at September 30, 2010 were held for working capital purposes and were invested primarily in Guaranteed Investment Certificates.

The Company reported working capital deficit of \$964,643 at September 30, 2010 compared to working capital of \$87,821 at March 31, 2010, representing a decrease in working capital by \$1,052,516.

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Current assets excluding cash at September 30, 2010 decreased by \$1,239,569 from \$1,800,247 at March 31, 2010 to \$560,678 at September 30, 2010. The decrease in current assets was attributable to decreases in accounts receivable of \$1,207,192 and prepaid expenses and deposits of \$32,377.

Current liabilities at September 30, 2010 decreased by \$182,404 from \$1,827,990 as at March 31, 2010 to \$1,645,586 at September 30, 2010. The decrease in current liabilities resulted from the decreases in accounts payable of \$88,109 and deferred revenue of \$101,458 offset by an increase in credit facilities of \$7,163.

The Company, through its subsidiaries has the following credit facilities:

1. EmerGeo Solutions has an operating line of credit with the Royal Bank of Canada, with a maximum limit of \$150,000 which bears interest at prime plus 1.8%. The credit facility is secured by a first priority lien on the assets of the Company including, but not limited to, inventory, equipment, accounts receivable, chattel paper, documents of title, contractual rights and insurance claims, all patents, industrial designs, trade-marks, trade secrets and know-how, and all proceeds and renewals thereof. As at September 30, 2010, the line of credit had a balance of \$Nil (March 31, 2010 - \$Nil).
2. EmerGeo Software Solutions Middle East LLC ("EmerGeo Middle East"), the Company's 49% owned subsidiary, has been granted a US\$500,000 line of credit facility by its joint venture partner, Atlas Communications Establishment. The loan has a term of one year and bears interest at 4.5% over and above Emirates interbank offered rate per annum compounded daily. Per the terms of the agreement, EmerGeo Middle East shall repay all principal and accrued interest not later than September 30, 2010 and in case of non-settlement on the payment date, an additional 2% will be charged on the loan. The loan is secured by a guarantee from the Company. As at September 30, 2010, the line of credit had a balance of \$514,955 (March 31, 2010 - \$507,792), and during the six months ended September 30, 2010, the Company accrued interest of \$20,458 (2009 - \$nil) on this loan. The Company is currently in negotiations with the lender to modify the repayment terms of this facility.

The Company also has a \$1,000,000 loan pursuant to a loan agreement dated November 5, 2009. The loan has a term of three years and bears interest at a rate of 16% per annum. The loan is secured by General Security Agreements from the Company and the Company's wholly-owned subsidiary, EmerGeo Solutions Inc., and by a guarantee from EmerGeo Solutions Inc. ("Security Agreements"). As additional consideration for the loan, the Company issued 400,000 share purchase warrants to the lender. Each share purchase warrant entitles the lender to acquire a common share of the Company at a price of \$0.50 per share for a period of three years expiring November 5, 2012. During the six months ended September 30, 2010, the Company paid or accrued interest of \$79,998 (2009 - \$nil) on this loan.

On September 28, 2010, the Company issued a convertible loan note ("Note") for proceeds of \$200,000. The

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Note has a term of five years maturing on September 15, 2015 ("Term"), bears interest at a rate of 16% per annum, payable monthly and is secured by Security Agreements. The Note is payable at the end of the Term and in case of a default, the principal and final interest amount will accrue interest at a rate of 25% per annum. The lender may, at its option at any time up to the end of the Term, convert the principal amount of the Note into common shares of the Company at a price of \$0.25 per share.

The other sources of funds potentially available to the Company as of the date of this MD&A are the exercise of 615,000 outstanding share purchase warrants at \$0.75 per share which expire December 7, 2012, 1,220,325 share purchase warrants at \$0.40 per share which expire June 19, 2013, 400,000 share purchase warrants at \$0.50 per share which expire November 5, 2012, 540,000 vested stock options at \$0.34 per share which expire July 8, 2017, 300,000 vested stock options at \$0.56 per share which expire May 2, 2013, 15,000 vested stock options at \$1.12 per share which expire May 13, 2013, 50,000 vested stock options at \$0.95 per share which expire September 2, 2013, 365,000 vested stock options at \$0.50 per share which expire January 21, 2014, 85,000 vested stock options at \$0.50 per share which expire April 13, 2019 and 1,035,000 vested stock options at \$0.18 per share which expire May 19, 2020. However, there can be no assurance, whatsoever, that any of these outstanding exercisable securities will be exercised.

The Company is actively trying to raise additional funds through equity financings, debt financings and other means in order to meet its obligations to March 2011. Although the Company has previously been successful in raising the funds required for its operations, there can be no assurance that the Company will have sufficient financing to meet its capital requirements or that additional financing will be available on terms acceptable to the Company. In the event that cash flow from operations, if any, together with the proceeds of any future financings are insufficient to meet the Company's current operating expenses, the Company will be required to re-evaluate its planned expenditures and allocate its total resources in such a manner as the Board of Directors and management deems to be in the Company's best interest or curtail operations and there would be significant uncertainty whether the Company would realize its assets and settle its liabilities and commitments in the normal course of business.

Transactions with Related Parties

During the six months ended September 30, 2010 and 2009, the Company entered into the following transactions with related parties:

1. Paid or accrued \$13,450 (2009 - \$36,000) for professional fees to a company controlled by a former officer of the Company.
2. Paid or accrued \$93,500 (2009 - \$120,000) for wages to two directors and officers of the Company.
3. Paid or accrued \$11,403 (2009 - \$27,462) for legal fees to a company controlled by an officer of the Company.

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4. Paid or accrued \$15,500 (2009 - \$30,000) for office, rent and administration to companies having an officer in common.
5. Paid or accrued \$84,670 (2009 - \$Nil) for consulting fees to a director of the Company.

As at September 30, 2010, the credit facility of \$514,955 (March 31, 2010 - \$507,792) due to a shareholder and joint venture partner has a term of one year expiring September 30, 2010 and bears interest at 4.5% over and above Emirates interbank offered rate per annum compounded daily. An additional 2% will be charged on the loan in case of a non-settlement repayment by the due date. The loan is secured by a guarantee from the Company. The Company is currently in negotiations with the lender to modify the repayment terms of this facility.

As at September 30, 2010, included in accounts payable and accrued liabilities was \$81,351 (March 31, 2010 - \$8,549) due to directors, officers, related companies of directors and officers and to companies having a director and officer in common.

As at September 30, 2010, the amount due to a company owned by a former director of \$87,357 (March 31, 2010 - \$87,357) was unsecured, non-interest bearing and without fixed terms of repayment.

These transactions are in the normal course of business operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Adoption of New Accounting Standards

Financial Instruments:

1. Fair Value Hierarchy

In 2009, the CICA amended 3862, *Financial Instruments – Disclosures*, to include additional disclosure requirements about fair value measurement for financial instruments and liquidity risk disclosure. This amendment requires a three level hierarchy that reflects the significance of the inputs used in measuring the fair value as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.
- Level 3 – Inputs that are not based on observable market data.

The amended section relates to disclosure only and did not have a material impact on the financial results of the Company.

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2. Compound Instruments

The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual agreement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the face value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured.

Future Accounting Pronouncements

Multiple deliverable revenue arrangements -

EIC-175 replaces EIC-142 *Revenue arrangements with multiple deliverables* for all revenue arrangements with multiple deliverables entered into or materially modified in the first annual arrangement consideration at the inception of an arrangement to all deliverables using the relative selling price method. It also changes the level of evidence of the standalone selling price required to separate deliverables when more objective evidence of the selling price is not available. Given the requirement to use the relative selling price method of allocating arrangement consideration, the use of the residual method is prohibited. Early adoption of this abstract is permitted. An entity can continue to apply EIC-142 until EIC-175 becomes effective. The Company expects to adopt this standard on April 1, 2011.

International Financial Reporting Standards (IFRS)

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that publicly accountable enterprises will be required to adopt IFRS, replacing Canadian GAAP, for fiscal years beginning on or after January 1, 2011 with early adoption permitted.

The Company will prepare its first consolidated financial statements in accordance with IFRS for the year ending March 31, 2012. In accordance with IFRS 1, *First-time Adoption of International Financial Reporting Standards* ("IFRS 1"), the Company will retrospectively apply IFRS, except for mandatory and elected optional exemptions from full retrospective application of IFRS as provided by IFRS 1.

Preparation of the first consolidated financial statements in accordance with IFRS will require presentation of comparative information in accordance with IFRS. Accordingly, the Company will be required to restate its balance sheet as at April 1, 2010 to comply with IFRS ("transition date").

The execution of the Company's IFRS conversion plan is underway, including the evaluation of the financial impact upon IFRS adoption, development of IFRS accounting policies, and redesign of business

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processes. The Company anticipates there will be changes in accounting policies and these changes may materially impact our consolidated financial statements but the impact cannot be reasonably estimated at this time. The Company does anticipate a significant increase in disclosure resulting from the adoption of IFRS and is continuing to assess the level of disclosure required. However, the Company has initially determined that its accounting and financial reporting systems will not be significantly impacted.

The Company's transition to IFRS and conversion plan consist of three phases:

1. Planning and Scoping

This phase covered project planning and identification of differences between existing Canadian GAAP and IFRS which have been completed during the first and second quarter of 2010. The areas of accounting differences that have been identified that will potentially be impacted are impairment of assets, property, plant and equipment, share-based payments and initial adoption of IFRS under the provisions of IFRS 1.

2. In-depth Analysis

This phase involves detailed evaluation of the financial impacts of various options and alternative methodologies available under IFRS, analysis of IFRS 1 optional exemptions and mandatory exceptions to the general requirement for full retrospective application upon transition to IFRS, compilation of IFRS disclosure requirements and development of required solutions to address identified issues.

3. Implementation and Review

This phase is expected to commence in the fourth quarter of 2010 and will include the preparation and reconciliation of opening balance sheet and collection of financial information required to complete IFRS compliant consolidated interim and annual financial statements.

First time adoption of IFRS

IFRS 1 generally requires that all IFRS standards and interpretations be accounted for on a retrospective basis. However, IFRS 1 provides for certain optional exemptions and other mandatory exceptions in specific areas of certain standards that do not require retrospective application of IFRS. The most significant IFRS optional exemptions which the Company is expected to apply are:

<i>IFRS 2, Share-based Payments</i>	Under IFRS 1, a first-time adopter may apply this standard retrospectively to all share-based payment transactions occurring before the transition date or not apply retrospectively to share-based payments that were granted after November 7, 2002, and that had vested before the transition date. The Company has
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	elected to apply IFRS 2 prospectively to share-based payments granted after November 7, 2002, but not vested before the transition date.
<i>IFRS 3, Business Combinations</i>	IFRS 1 allows application of these standards on a prospective or retrospective basis. The Company has elected to apply business combinations, on a prospective basis for all business combinations completed after April 1, 2010 and not to restate the reverse takeover of Emergeo Solutions Inc.
<i>IAS 16, Property, Plant and Equipment</i>	The Company has decided not to use an optional IFRS 1 election to measure its property, plant and equipment at the date of transition to IFRS at its fair value and use that fair value as its deemed cost, or use a previous GAAP revaluation of property, plant and equipment as its deemed cost at the transition date. Instead, the Company will retrospectively apply recognition and measurement requirements of IAS 16, Property, Plant and Equipment. Under IAS 16, the Company made an accounting policy choice to measure its property, plant and equipment after its recognition at its cost less any accumulated depreciation and any accumulated impairment losses.
<i>IAS 39, Financial Instruments: Recognition and Measurement</i>	As at transition date, the Company will not make any additional optional designations of financial instruments as available for sale, or financial asset or financial liability at fair value through profit or loss, unless such designation has been made on initial recognition of such instruments in accordance with IAS 39.

IFRS to Canadian GAAP differences:

IAS 36, Impairment of Assets

Both Canadian GAAP and IFRS require an entity to undertake impairment testing where there is an indication of impairment. Annual impairment tests are required for goodwill and indefinite-lived intangible assets.

Canadian GAAP generally uses a two-step approach to testing a long-lived asset for impairment if an indication of impairment exists. The first step is a test for recoverability whereby the carrying value is compared to the undiscounted cash flows that the asset is expected to generate. If the undiscounted cash

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flows exceed the carrying amount, then no impairment charge is necessary. If the undiscounted cash flows are lower than the carrying amount of the asset, then the asset is written down to the estimated fair value, determined based on the discounted cash flows.

Under IFRS, if there is an indication of impairment the entity must compare the carrying value of the asset to the recoverable amount. Recoverable amount is defined as the higher of an asset less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset. An impairment loss is recognized to the extent that the carrying value exceeds the recoverable amount. Unlike Canadian GAAP, IFRS requires impairment charges to be reversed if the circumstances leading to the impairment no longer exist.

The Company preliminarily assessed the carrying value of its assets in accordance with IAS 36 and found that no impairment losses are required to be recognized as at the transition date.

IFRS 2, Share-based Payments

Canadian GAAP requires that share-based payments are measured at fair value and an expense recorded over the vesting period of the instrument. IFRS standards require each tranche in the grant to be amortized over their respective vesting period, and estimates of forfeiture rates are applied at the outset. The Company's accounting policy under IFRS is largely consistent with Canadian GAAP except for the initial inclusion of a forfeiture rate in the fair value estimation and changes to the valuation of tranches of options that vest over different periods. The Company is in the process of calculating the measurement differences for the stock options that were unvested as of transition date.

IAS 18, Revenue Recognition

The Company has determined that its accounting policies for recognizing and recording revenue will be essentially unchanged and therefore no impact is expected on the financial statements.

IAS 38, Intangible Assets

The adoption of *CICA 3064 Goodwill and Intangible Assets* has precluded a change that would have been required under IFRS whereby only salary, benefit costs and direct costs may be considered for capitalization as an asset.

IAS 21, Foreign currency translation

Under IFRS, there are various indicators to be considered in determining the appropriate functional currency of an entity. When the indicators are mixed and the functional currency is not obvious, priority should be given to indicators that have a greater weighting, such as primary indicators including the currency that most influences sales prices, the currency of the market in which the goods are sold, and the

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currency that mainly influences expenses. Canadian GAAP has similar indicators as IFRS in determining functional currency. However, Canadian GAAP does not have a hierarchy of indicators under which certain indicators are given priority. The Company has determined that the functional currency under IFRS will remain the Canadian dollar.

The discussion above should not be regarded as a complete list of changes that will result from the Company's transition to IFRS. In the period leading up to the changeover in 2011, the AcSB has ongoing projects and intends to issue new accounting standards during the conversion period. As a result, the final impact of IFRS on the Company's consolidated financial statements can only be measured once all the applicable IFRS accounting standards at the transition date are known. The Company will continue to review new standards, as well as the impact of the new accounting standards, between now and the transition date to ensure all relevant changes are addressed.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, and accounts payable and accrued liabilities.

Cash and cash equivalents are designated as held-for-trading and measured at fair value. Amounts receivable are classified as loans and receivables and measured at amortized cost. Accounts payable and accrued liabilities are classified as other liabilities and measured at amortized cost.

The fair values of these financial instruments approximate their carrying values due to their short-term nature and/or the existence of market related interest rate on the instruments.

The classification of the Company's consolidated financial instruments within the fair value hierarchy as at September 30, 2010 is included in Level 1.

The risk exposure is summarized as follows:

(a) Credit risk -

Credit risk is the risk of loss resulting from the failure of a customer or counterparty to meet its contractual obligations to the Company. The carrying amount of financial assets represents the Company's estimate of maximum credit exposure.

The Company's credit risk is primarily attributable to its cash balances and accounts receivable. The Company's cash equivalents are held in Guaranteed Investment Certificates and are held on deposit with Schedule 1 banks or equivalent, with the majority of its cash held in Canadian based banking institutions, authorized under the Bank Act to accept deposits, which may be eligible for deposit insurance provided by the Canadian Deposit Insurance Corporation.

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The Company sells the majority of its products and services to government agencies responsible for emergency management within their jurisdictions, as well as to companies in industries responsible for their own emergency management programs, such as oil and gas, utilities, and forestry, located in Canada, United States, and the Middle East. The Company's exposure to credit risk associated with non-payment by customers of this nature to be limited, but may be affected by conditions or occurrences within its industry and the global marketplace. The Company closely monitors extensions of credit and performs ongoing credit evaluations of its customers' financial condition to manage its credit risk exposure. The Company believes it maintains adequate provisions for potential credit losses. The amounts disclosed in the consolidated balance sheet are net of allowances for doubtful accounts, estimated by the Company's management, based on prior experience and an assessment of current financial conditions of customers, as well as the general economic environment. As of September 30, 2010, accounts receivable are net of an allowance for doubtful accounts of \$Nil (March 31, 2010 - \$Nil).

(b) Liquidity risk -

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due. As at September 30, 2010, the Company had cash and cash equivalents of \$120,165 and expects to collect receivables of \$476,097 to settle payables of \$1,645,586 that are considered short term and settled within 30 days and other current liabilities. Other current liabilities consist amounts due to a related party of \$87,357 which is non-interest bearing and has no fixed terms of repayment, credit facilities of \$514,955 and deferred revenue of \$435,185. The Company's primary source of liquidity is its cash reserves. The Company also maintains certain credit facilities to support short term funding of operations and trade finance. The Company believes it has sufficient available funds to meet immediate operating cash requirements. However, the Company is also actively trying to raise additional funds through equity financings, debt financings and other means in order to meet its obligations to March 2011.

(c) Market risk -

(i) Interest rate risk -

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's cash and cash equivalents attract interest at floating rates and have maturities of 90 days or less. The interest is typical of Canadian banking rates, which are at present low, however the conservative investment strategy mitigates the risk of deterioration to the investment. A change of 100 basis points in the interest rates would not be material to the financial statements.

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(ii) Foreign currency risk -

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company has offices in Canada, the United States and Abu Dhabi and holds cash in Canadian, United States and United Arab Emirates currencies in line with forecasted expenditures.

As at September 30, 2010, the denomination of the Company's financial instruments were as follows:

	US	Canadian	AED	Total
Cash	\$ 19,079	\$ 98,791	\$ 2,395	\$ 120,265
Accounts receivable	12,734	103,859	359,504	476,097
Accounts payable and Accrued liabilities	51,473	382,594	174,022	608,089

At September 30, 2010, the Company had no hedging agreements in place with respect to foreign exchange rates.

Outstanding Share Data

As of the date of this MD&A, the Company has authorized and issued capital stock and options and warrants outstanding as follows:

1. Authorized and Issued Capital Stock
 - a) Authorized - Unlimited common shares without par value.
 - b) Issued

As at November 26, 2010, there were 17,210,147 common shares issued and outstanding.

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2. Options and Warrants Outstanding

a) Stock options outstanding as at November 26, 2010 are as follows:

Number of Shares	Exercise Price	Expiry Date
540,000	\$0.34	July 8, 2017
300,000	\$0.56	May 2, 2013
15,000	\$1.12	May 13, 2013
50,000	\$0.95	September 2, 2013
365,000	\$0.50	January 21, 2014
85,000	\$0.50	April 13, 2019
1,035,000	\$0.18	May 19, 2020
2,390,000		

b) Warrants outstanding as at November 26, 2010 are as follows:

Number of Shares	Exercise Price	Expiry Date
615,000	\$0.75	December 7, 2012
1,220,325	\$0.40	June 18, 2013
400,000	\$0.50	November 5, 2012
2,235,325		

Other Requirements

Controls and Procedures

Disclosure controls and procedures ('DC&P') are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ('ICFR') are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles.

TSX Venture listed companies are not required to provide representations in their annual and interim filings relating to the establishment and maintenance of DC&P and ICFR, as defined in National Instrument NI 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance

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regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Additional Sources of Information:

Additional disclosures pertaining to the Company's financial statements, management information circulars, material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.