

EmerGeo Solutions Worldwide Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years ended March 31, 2011 and 2010

Dated July 26, 2011

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Years ended March 31, 2011 and 2010

This Management's Discussion and Analysis ("MD&A") of EmerGeo Solutions Worldwide Inc. (the "Company" or "EmerGeo") has been prepared by management as of July 26, 2011 and should be read in conjunction with the Company's audited consolidated financial statements and related notes thereto as at and for the years ended March 31, 2011 and 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, fuse, 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, alert/notification, and disaster simulation solutions.

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Years ended March 31, 2011 and 2010

We continue to focus our research & development on our core competencies - emergency management information systems and geographic information systems (GIS) software development. The software has been used successfully during major emergencies and events around the world, including security operations for the 2010 Olympic Games (Vancouver), Formula1 (F1) motor racing and FIFA soccer events in Abu Dhabi. These product advancements and proven track record are raising the price point and profit margins, expanding use, and increasing the scalability of our solutions.

Selected Annual Information

Years ended March 31,	2011	2010	2009
	\$	\$	\$
Revenues	1,204,399	2,956,687	2,082,336
Net income (loss)	(1,914,943)	(2,030,572)	(1,920,687)
Loss per share, basic and diluted	(0.11)	(0.12)	(0.12)
Total assets	561,991	2,322,139	2,387,516
Current liabilities	1,850,947	1,827,990	1,085,114
Total long-term financial liabilities	1,000,000	1,000,000	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 (Q3 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 unique and proprietary Fusion Service technology, and Enterprise Service Bus with "Intelligent

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Years ended March 31, 2011 and 2010

Connectors", addresses a common need in the emergency management market – improving multi-agency communication and coordination 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:

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Years ended March 31, 2011 and 2010

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. The Company has entered into its first contract with SecureTech to implement its EmerGeo Fusionpoint™ and integrated mapping software. The software will be used by an important government client in the Gulf Cooperation Council (GCC) region for emergency response operations.
- c. EmerGeo's Fusionpoint™ software has been installed at ADNOC headquarters' crisis management centre - the national oil company in Abu Dhabi.
- d. 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. The first being participation in the Exercise CENTRAL GATEWAY 1 in February 2011. This is an annual municipal/regional training exercise that has been developed to test the various aspects of emergency preparedness, emergency response plans and mutual aid capabilities across Windsor and Essex County as well as across international boundaries with the City of Detroit. The second is a BC-Washington State earthquake exercise and experiment in May 2011 with several local and provincial/state representatives called CAUSE.

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Years ended March 31, 2011 and 2010

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.

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 year ended March 31, 2011, the Company saw the benefits of its workforce reductions and cost cutting measures, including improved gross margins, EBITDA and cash flow from operations. The Company continues to be focused on improving cash flow and profitability, while at the same time maintaining the ability to scale to meet our customers' needs as new business opportunities arise.

In December 2010, the Company announced changes to its Board of Directors, and appointed Mr. B.J. (Bert) Cowan to its board. Mr. Cowan, BA CFE PCIP, is a founding member and Partner at Competitive Insights Incorporated, a private Canadian-based security management consulting firm. Mr. Cowan has nearly 50 years experience in the fields of threat and risk assessment, intelligence analysis, business continuity planning, risk management, strategy development, leadership training and team development. A former member of the RCMP, he achieved the rank of Inspector during his 23 year career. In 1984, he joined Canadian Security Intelligence Service (CSIS) and was appointed CSIS Liaison Officer and Counselor at the Canadian High Commission in Hong Kong. Subsequently he was appointed Deputy Director General of the CSIS Foreign Liaison Branch, and then Deputy Director General of the Analysis & Production Branch (RAP) of CSIS. Mr. Cowan left government service in 1992, and has worked as an industry consultant since that time.

In related changes, Mr. Michael Morrow, President and Chairman of the Board, chose to step down as a director, and from the position of Chairman of the board. Mr. Morrow remains with the Company as

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Years ended March 31, 2011 and 2010

President and will continue to focus on Canadian and international sales, supporting channel partners and aligning the company with large system integrators to secure large implementations around the world. Mr. Allan Larmour, a member of EmerGeo's board of directors since 2008, was appointed as Chairman.

Discussion of Operations and Financial Condition

Sales

Sales for the year ended March 31, 2011 were \$1,204,399, down \$1,752,288 from \$2,956,687 in the same period of prior fiscal year. The decrease in revenues was mainly attributable to decreased software license sales and consulting revenues in all regions.

Gross Profit (loss) and Margin

The Company's gross profit was \$428,876 during the period compared to gross profit of \$907,720 in prior fiscal year. Overall margins increased from 31% to 36% for the year ended March 31, 2011. Gross margins increased due to improved utilization of existing implementation resources, lower salary costs due to workforce reductions, as well as other cost control measures.

Expenses

General and administrative expenses decreased by \$343,711 from \$1,126,219 for the year ended March 31, 2010 to \$782,508 for the year ended March 31, 2011, as a result of decreased corporate activity, lower salary costs due to workforce reductions, and other cost reduction measures compared to the prior year.

Stock-based compensation of \$132,241 was recorded during the year ended March 31, 2011, 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 and 575,500 shares at \$0.25 per share for a period of ten years expiring December 16, 2020. During the year ended March 31, 2010, the Company recorded a stock-based compensation of \$191,737 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 \$370,349 from \$844,537 for the year ended March 31, 2010 to \$474,188 for the year ended March 31, 2011. The decrease in sales and marketing expenses was mainly attributable to decreases in travel expenses, trade shows and conferences expenses, and lower salary costs due to workforce reductions.

Research and development decreased by \$99,078 from \$547,415 for the year ended March 31, 2010 to \$448,337 for the year ended March 31, 2011. The decrease in research and development was mainly as a result of reduced use of third party consultants for R&D activities, and lower salary costs due to workforce reductions compared to the prior year.

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Years ended March 31, 2011 and 2010

Net Loss

During the year ended March 31, 2011, the Company reported a net loss of \$1,914,943 as compared to a net loss of \$2,030,572 during the year ended March 31, 2010. The decrease in net loss of \$115,629 was mainly due to decreases in sales and marketing, research and development, general and administrative expenses and stock-based compensation offset by decreases in gross profit and increase in interest expenses, and the charge related to the impairment of intangible assets.

Summary of Quarterly Results

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

	Mar-31- 11	Dec-31- 10	Sep-30- 10	Jun-30- 10	Mar-31- 10	Dec-31- 09	Sep-30- 09	Jun-30- 09
Revenues	474,642	366,630	160,136	202,991	593,413	820,464	1,048,529	494,281
Net income (loss)	(317,794)	(220,019)	(514,756)	(862,374)	(632,510)	(462,049)	(367,223)	(568,790)
Per share basis:								
Basic and diluted earnings (loss)	(0.02)	(0.01)	(0.03)	(0.05)	(0.04)	(0.03)	(0.02)	(0.03)

There are no general trends regarding the Company's quarterly results. The major factor which may cause a material variation in net loss on a quarterly basis is the grant of stock option due to the resulting stock-based compensation charges which may be significant when they arise. This may be seen in the quarter ended June 30, 2009, June 30, 2010 and December 31, 2010. The variation in revenues is dependent upon the success of the Company in selling products which will vary with market conditions and the customers contracting process, and is therefore difficult to predict.

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 March 31, 2011, the Company had cash and cash equivalents of \$154,287 representing an increase of \$38,723 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 an outflow of cash for operations of \$161,277.

The Company's cash and cash equivalents at March 31, 2011 were held for working capital purposes and were invested primarily in Guaranteed Investment Certificates.

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Years ended March 31, 2011 and 2010

The Company reported working capital deficit of \$1,312,851 at March 31, 2011 compared to working capital of \$87,821 at March 31, 2010, representing a decrease in working capital by \$1,400,672.

Current assets excluding cash at March 31, 2011 decreased by \$1,416,438 from \$1,800,247 at March 31, 2010 to \$383,809 at March 31, 2011. The decrease in current assets was attributable to decreases in accounts receivable of \$1,388,238 and prepaid expenses and deposits of \$28,200.

Current liabilities at March 31, 2011 increased by \$22,957 from \$1,827,990 as at March 31, 2010 to \$1,850,947 at March 31, 2011. The increase in current liabilities resulted from increases in convertible loan note of \$154,542 and deferred revenue of \$17,438 offset by decreases in accounts payable of \$127,169 and credit facilities of \$21,854.

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 March 31, 2011, the line of credit had a balance of \$Nil (March 31, 2010 - \$Nil).
2. EmerGeo Middle East has been granted a US\$500,000 line of credit facility by its joint venture partner, Atlas Communications Establishment. The loan has an initial term of one year and bears interest at 4.5% over and above Emirates interbank offered rate per annum compounded daily. The loan and accrued interest were not repaid on the prescribed settlement date of September 30, 2010. Per terms of the loan agreement, interest of an additional 2% will be charged on the net outstanding balance. The Company is currently in negotiations with the lender to modify the repayment terms of this facility. The loan is secured by a guarantee from the Company. As at March 31, 2011, the line of credit had a balance of \$485,938 (March 31, 2010 - \$507,792) and has accrued interest owing of \$27,554 (2010 - \$10,157).

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 year ended March 31, 2011, the Company paid or accrued interest of \$159,996 (2010 - \$66,665) on this loan.

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Years ended March 31, 2011 and 2010

On September 28, 2010, the Company issued a convertible loan note ("Note") for proceeds of \$200,000. The Note bears interest at a rate of 16% per annum, payable monthly and is secured by Security Agreements. The Note is payable on demand 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, 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 18, 2013, 400,000 share purchase warrants at \$0.50 per share which expire November 5, 2012, 465,000 vested stock options at \$0.34 per share which expire July 8, 2017, 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, 300,000 vested stock options at \$0.50 per share which expire January 21, 2014, 10,000 vested stock options at \$0.50 per share which expire April 13, 2019, 690,000 vested stock options at \$0.18 per share which expire May 19, 2020, 287,750 vested stock options at \$0.25 per share which expire December 16, 2020 and 62,750 vested stock options at \$0.25 per share which expire May 19, 2021. 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 2012. 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

The Company has entered into certain transactions with related parties during the year ended March 31, 2011. All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

A description of the related party transactions is as follows:

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Years ended March 31, 2011 and 2010

Name and Relationship to Company	Transaction	Three Months Ended	Year Ended	Year Ended
		March 31, 2011	March 31, 2011	March 31, 2010
		\$	\$	\$
Max Pinsky Personal Law Corporation, a company controlled by an officer of the Company	Legal fees	1,620	26,173	47,227
Remstar Resources Ltd., a company with a common officer	Office, rent and administration ⁽¹⁾	6,000	26,500	56,000
Ultra Lithium Inc., a company with a common officer	Rent ⁽²⁾	-	1,000	-
Tony M. Ricci Inc., a company controlled by a former officer of the Company	Management fees	-	13,450	72,000
Rick MacDonald, CEO of the Company	Consulting fees	16,500	44,500	-
Tim Webb, CTO and a director of the Company	Salaries	28,500	98,125	130,000
Mike Morrow, president of the Company	Salaries	42,165	111,061	130,000
Allan Lamour, a director of the Company	Consulting fees	3,000	108,583	65,833

- (1) The Company entered into a month-to-month arrangement for the rental of office premises and the provision of accounting, financial reporting and administrative services with Remstar Resources Ltd., a public company related by a common officer.
- (2) The Company entered into a month-to-month arrangement for the rental of office premises with Ultra Lithium Inc., a public company related by a common officer.

As at March 31, 2011, the credit facility of \$485,938 (2010 - \$507,792) and accrued interest of \$27,554 (2010 - \$10,157) due to a shareholder and joint venture partner were not repaid on the prescribed settlement date of September 30, 2010. The loan has an initial term of one year and bears interest at 4.5% over and above Emirates interbank offered rate per annum compounded daily. Per terms of the loan agreement, interest of an additional 2% will be charged on the net outstanding balance. The Company is currently in negotiations with the lender to modify the repayment terms of this facility. The loan is secured by a guarantee from the Company.

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Years ended March 31, 2011 and 2010

As at March 31, 2011, included in accounts payable and accrued liabilities was \$87,020 (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 March 31, 2011, the amount due to a company owned by a former director of \$87,357 (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.

Fourth Quarter Discussion

Sales

Sales for the three months ended March 31, 2011 were \$474,642, down \$118,771 from \$593,413 in the same period of prior fiscal year. The decrease in revenues was mainly attributable to decreased software license sales and consulting revenues in all regions.

Gross Profit (loss) and Margin

The Company's gross profit was \$320,842 during the three months ended March 31, 2011 compared to gross profit of \$121,608 in the same period of prior fiscal year. Overall margins increased from 20% to 68% for the period ended March 31, 2011. Gross margins increased due to improved utilization of existing implementation resources, lower salary costs due to workforce reductions, as well as other cost control measures.

Expenses

General and administrative expenses decreased by \$184,185 from \$326,592 for the three months ended March 31, 2010 to \$142,407 for the period ended March 31, 2011, as a result of decreased corporate costs, lower salary costs due to workforce reductions, and other cost reduction measures compared to the prior year.

Stock-based compensation of \$46,330 was recorded during the three months ended March 31, 2011, 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 and 575,500 shares at \$0.25 per share for a period of ten years expiring December 16, 2020. During the three months ended March 31, 2010, the Company recorded a stock-based compensation of \$17,435 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.

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Years ended March 31, 2011 and 2010

Sales and marketing decreased by \$94,231 from \$205,284 for the three months ended March 31, 2010 to \$111,053 for the three months ended March 31, 2011. 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 decreased by \$64,401 from \$151,227 for the three months ended March 31, 2010 to \$86,826 for period ended March 31, 2011. The decrease in research and development was mainly as a result of reduced use of third party consultants for R&D activities, and lower salary costs due to workforce reductions compared to the prior year.

During the three months ended March 31, 2011, the Company recorded an impairment loss of intangible assets of \$172,073. During the three months ended March 31, 2010, the Company recorded an impairment loss of intangible assets of \$38,954 resulted from the discontinuance of eLearning business section and re-development of the Company's website.

Net Loss

During the three months ended March 31, 2011, the Company reported a net loss of \$317,794 as compared to a net loss of \$632,510 during the three months ended March 31, 2010. The decrease in net loss of \$314,716 was mainly due to decreases in sales and marketing, research and development, general and administrative expenses and stock-based compensation offset by decreases in gross profit and increase in interest expenses, and the charge related to the impairment of intangible assets.

Subsequent Events

The following events occurred subsequent to March 31, 2011:

- a) The Company granted 251,000 stock options to officers and employees of the Company, exercisable at \$0.25 per share for a period of ten years from the date of grant.
- b) The Company arranged a \$265,000 debt facility with four lenders (the "Lenders"), including CEO Rick MacDonald. The Company's wholly-owned subsidiary, EmerGeo Solutions Inc., will issue \$265,000 principal amount of unsecured promissory notes (the "Notes") to the Lenders. The Notes will bear interest at 12% per annum, compounded annually and payable annually in arrears and will have a one year term. As a bonus to the Lenders, the Company will also issue 471,111 common shares to the Lenders.

Adoption of New Accounting Standards

Financial Instruments:

1. Fair Value Hierarchy

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Years ended March 31, 2011 and 2010

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.

Recent Accounting Pronouncements

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 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:

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Years ended March 31, 2011 and 2010

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 has commenced in the fourth quarter of 2011 and included the preparation and reconciliation of opening balance sheet and collection of financial information required to complete IFRS compliant consolidated interim and annual financial statements and will include the necessary reconciliations for Canadian GAAP to IFRS in its June 30, 2011 interim 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 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

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Years ended March 31, 2011 and 2010

	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.
<i>IAS 21, Cumulative Translation Differences</i>	IFRS 1 allows a first-time adopter to not comply with the requirements of IAS 21, The Effects of Changes in Foreign Exchange Rates, for cumulative translation differences that existed at the date of transition to IFRS. The Company has chosen to apply this election and has eliminated the cumulative translation difference and adjusted retained earnings by the same amount at the date of transition to IFRS. If, subsequent to adoption, a foreign operation is disposed of, the translation differences that arose before the date of transition to IFRS will not affect the gain or loss on disposal.

IFRS to Canadian GAAP differences:

IAS 36, Impairment of Assets

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Years ended March 31, 2011 and 2010

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 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.

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Years ended March 31, 2011 and 2010

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 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 expects that a change in the functional currency of one or more of its subsidiaries may be required on adoption of IFRS. The Company has not finalized this assessment or whether retrospective application of any change would have a significant effect on its consolidated financial statements.

Convertible notes

Under Canadian GAAP the convertible notes were considered to have an embedded share purchase option which was valued separately from the debt component and the value attributed to shareholders' equity. Following assessment of the terms of the convertible notes under IFRS it was concluded that the embedded share purchase option should be classified as a derivative liability. This change in accounting methodology impacts the classification and measurement of the instrument. The Company is currently assessing the impact of this change on its consolidated financial statements.

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.

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Years ended March 31, 2011 and 2010

The classification of the Company's consolidated financial instruments within the fair value hierarchy as at March 31, 2011 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.

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.

(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 March 31, 2011, the Company had cash and cash equivalents of \$154,287 and expects to collect receivables of \$295,051 to settle liabilities of \$569,029 which mainly consist of accounts payable that are considered short term and settled within 30 days. The amount due to a related party is non-interest bearing and has no fixed terms of repayment. Other liabilities consist of credit facilities of \$485,938 and deferred revenue of \$554,081. 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

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Years ended March 31, 2011 and 2010

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 2012.

(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.

(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 March 31, 2011, the denomination of the Company's financial instruments were as follows:

	US	Canadian	AED	Total
Cash	\$ 1,663	\$ 122,010	\$ 30,614	\$ 154,287
Accounts receivable	-	271,396	23,655	295,051
Accounts payable and Accrued liabilities	15,741	411,016	142,272	569,029

At March 31, 2011, 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

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Years ended March 31, 2011 and 2010

- a) Authorized - Unlimited common shares without par value.
- b) Issued

As at July 26, 2011, there were 17,681,258 common shares issued and outstanding.

2. Options and Warrants Outstanding

- a) Stock options outstanding as at July 26, 2011 are as follows:

Number of Shares	Exercise Price	Expiry Date
465,000	\$0.34	July 8, 2017
15,000	\$1.12	May 13, 2013
50,000	\$0.95	September 2, 2013
300,000	\$0.50	January 21, 2014
10,000	\$0.50	April 13, 2019
920,000	\$0.18	May 19, 2020
575,500	\$0.25	December 16, 2020
251,000	\$0.25	May 19, 2021
2,586,500		

- b) Warrants outstanding as at July 26, 2011 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.

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Years ended March 31, 2011 and 2010

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 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.