

EmerGeo Solutions Worldwide Inc.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
Three Months Ended June 30, 2011**

Dated September 28, 2011

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Three months ended June 30, 2011

This Management's Discussion and Analysis ("MD&A") of EmerGeo Solutions Worldwide Inc. (the "Company" or "EmerGeo") has been prepared by management as of September 28, 2011 and should be read in conjunction with the Company's unaudited condensed interim financial statements and related notes for the three months ended June 30, 2011 and 2010, which were prepared in accordance with IFRS and 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.

All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

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

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Three months ended June 30, 2011

(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.

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.

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 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

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Three months ended June 30, 2011

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:

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.

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Three months ended June 30, 2011

- 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.

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.

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Three months ended June 30, 2011

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.

Discussion of Operations and Financial Condition

Sales

Sales for the three months ended June 30, 2011 were \$245,022, increased \$42,031 from \$202,991 in the same period of prior fiscal year. The increase in revenues was mainly attributable to increased software license sales and consulting revenues in all regions.

Gross Profit (loss) and Margin

The Company's gross profit was \$97,174 during the period compared to gross loss of \$140,118 in same period of prior fiscal year. Overall margins increased from -69% to 40% for the period ended June 30, 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 \$134,489 from \$311,918 for the period ended June 30, 2010 to \$177,429 for the period 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.

Share-based payments of \$21,180 (2010 - \$57,988) was recorded during the three months ended June 30, 2011 which represents the estimated fair value of stock options vested during the period.

Sales and marketing decreased by \$108,828 from \$211,551 for the period ended June 30, 2010 to \$102,723 for the period ended June 30, 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 \$79,067 from \$173,651 for the period ended June 30, 2010 to \$94,584 for the period ended June 30, 2011. The decrease in research and development was mainly as a

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Three months ended June 30, 2011

result of reduced use of third party consultants for R&D activities, and lower salary costs due to workforce reductions compared to the prior period.

Net Loss

During the three months ended June 30, 2011, the Company reported a net loss of \$328,774 as compared to a net loss of \$843,858 during the three months ended June 30, 2010. The decrease in net loss of \$515,084 was mainly due to increase in gross profit and decreases in sales and marketing, research and development, general and administrative expenses and stock-based compensation offset by increase in interest expenses.

Summary of Quarterly Results

Selected financial information from continuing operations for the most recent eight quarters (unaudited). The Q1 2012 and four preceding quarter results presented in the table below were prepared in accordance with IFRS. The three quarters ending with Q4 2010 were prepared in accordance with Canadian GAAP:

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

	Jun-30- 11	Mar-31- 11	Dec-31- 10	Sep-30- 10	Jun-30- 10	Mar-31- 10	Dec-31- 09	Sep-30- 09
Revenues	245,022	474,642	366,630	160,136	202,991	593,413	820,464	1,048,529
Net income (loss)	(328,774)	(309,608)	(260,161)	(533,824)	(843,858)	(632,510)	(462,049)	(367,223)
Per share basis:								
Basic and diluted earnings (loss)	(0.02)	(0.02)	(0.01)	(0.03)	(0.05)	(0.04)	(0.03)	(0.02)

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 options due to the resulting share-based compensation charges which may be significant when they arise. This may be seen in the quarters ended 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 June 30, 2011, the Company had cash and cash equivalents of \$18,648 representing a decrease of \$135,639 compared with cash and cash equivalents of \$154,287 at March 31, 2011. The decrease mainly resulted from an outflows of cash for operations of \$135,639.

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Three months ended June 30, 2011

The Company's cash and cash equivalents at June 30, 2011 were held for working capital purposes and were invested primarily in Guaranteed Investment Certificates.

The Company reported working capital deficit of \$1,613,004 at June 30, 2011 compared to working capital deficit of \$1,312,851 at March 31, 2011, representing a decrease in working capital by \$300,153.

Current assets excluding cash at June 30, 2011 decreased by \$82,778 from \$383,809 at March 31, 2011 to \$301,031 at June 30, 2011. The decrease in current assets was attributable to decreases in accounts receivable of \$73,322 and prepaid expenses and deposits of \$9,456.

Current liabilities at June 30, 2011 increased by \$81,736 from \$1,850,947 as at March 31, 2011 to \$1,932,683 at June 30, 2011. The increase in current liabilities resulted from increases in accounts payable of \$52,962, credit facilities of \$97,143, convertible loan note of \$1,475 offset by a decrease in deferred revenue of \$69,844.

The Company, through its subsidiaries, has credit facilities and short term and loan term loans and as at June 30, 2011 aggregate outstanding loans amounted to \$1,783,081, as follows:

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 June 30, 2011, the line of credit had a balance of \$101,000 (March 31, 2011 - \$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 June 30, 2011, the line of credit had a balance of \$482,081 (March 31, 2011 - \$485,938) and has accrued interest owing of \$52,610 (March 31, 2011 - \$27,554).
3. 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

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Three months ended June 30, 2011

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 three months ended June 30, 2011, the Company paid or accrued interest of \$39,999 (2010 - \$39,999) on this loan.

As at June 30, 2011, the Company was in default of its interest payments of \$26,667 and subsequent to June 30, 2011, unpaid interests amounted to \$53,334. In addition, the Company is not in compliant with the terms of the loan agreement to maintain a minimum cash balance of \$75,000 at all times during the term of the loan.

4. 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.

During the three months ended June 30, 2011, the Company paid or accrued interest of \$8,000 on this loan. As at June 30, 2011, the Company was in default of its interest payments of \$5,333 and subsequent to June 30, 2011, unpaid interests amounted to \$10,666.

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, 250,000 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, 651,875 vested stock options at \$0.18 per share which expire May 19, 2020, 339,688 vested stock options at \$0.25 per share which expire December 16, 2020 and 79,875 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.

Subsequent to June 30, 2011, the Company obtained loans in the amount of \$265,000. However, the Company is still actively trying to raise additional funds through equity financings, debt financings and other means in order to meet its obligations to March 31, 2012. The continuation of the Company as a going concern is dependent upon its ability to raise additional financing and ultimately attain and maintain profitable operations. To the extent the Company is unable to cover its ongoing cash requirements through operations, the Company expects to raise additional financing to cover any shortfall. There can be no assurance that such financing and profitability will occur in the amounts and with terms expected. In the event that cash flow from operations, if any, together with the proceeds from any future financings are insufficient to meet the Company's current operating expenses, the Company will be required to curtail

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Three months ended June 30, 2011

operations and there would be significant uncertainty whether the Company would continue as a going concern, and 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 three months ended June 30, 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:

Name and Relationship to Company	Transaction	Three months ended June 30, 2011 \$	Three months ended June 30, 2010 \$
Max Pinsky Personal Law Corporation, a company controlled by an officer of the Company	Legal fees	1,567	5,399
Remstar Resources Ltd., a company with a common officer	Office, rent and administration ⁽¹⁾	6,000	8,500
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	-	6,000
Rick MacDonald, CEO of the Company	Consulting fees	28,000	-
Tim Webb, CTO and a director of the Company	Salaries	35,400	46,667
Mike Morrow, president of the Company	Salaries	30,000	46,667
Allan Lamour, a director of the Company	Consulting fees	-	46,667
Gary Craig, CFO of the Company	Salaries	25,000	-

- (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.

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Three months ended June 30, 2011

As at June 30, 2011, the credit facility of \$482,081 (March 31, 2011 - \$485,938) and accrued interest of \$52,610 (March 31, 2011 - \$27,554) 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.

Subsequent to June 30, 2011, the Company received a \$15,000 loan pursuant to an unsecured promissory note from Rick MacDonald, CEO of the Company. The note has a term of one year and bears interest at 12% per annum, compounded annually and payable annually in arrears. In consideration for the loan, the Company issued 26,667 bonus shares to the Mr. MacDonald. *See "Subsequent Event"*.

As at June 30, 2011, included in accounts payable and accrued liabilities was \$121,843 (March 31, 2011 - \$87,020) due to directors, officers, related companies of directors and officers and to companies having a director and officer in common.

As at June 30, 2011, the amount due to a company owned by a former director of \$87,357 (March 31, 2011 - \$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.

Critical Accounting Estimates

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

Areas requiring a significant degree of estimation and judgment relate to the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and share-based payments and other equity-based payments and the estimated useful life and recoverability of equipment. Actual results may differ from those estimates and judgments.

Subsequent Event

Subsequent to June 30, 2011, the Company arranged for loans totaling \$265,000 from four lenders ("Lenders), of which, \$15,000 was from Rick MacDonald, CEO of the Company. The Company's wholly-owned subsidiary, EmerGeo Solutions Inc., issued unsecured promissory notes for an aggregate principal

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Three months ended June 30, 2011

amount of \$265,000 (the "Notes") to the Lenders. The Notes have a term of one year and bear interest at 12% per annum, compounded annually and payable annually in arrears. The Company issued an aggregate of 471,111 common shares as bonus shares to the Lenders in consideration for the loans, of which 26,667 common shares were issued to Mr. MacDonald.

Change in Accounting Policies

Adoption of International Financial Reporting Standards ("IFRS")

The condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting" and IFRS 1, "First time adoption of International Financial Reporting Standards ("IFRS")" using accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC").

The condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual financial statements of the Company as at and for the year ended March 31, 2011 prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). The basis of presentation of these condensed interim financial statements is different to that of the Company's most recent annual financial statements due to the first time adoption of IFRS.

The impact of the conversion from GAAP to IFRS is explained in note 17 of the condensed interim financial statements of the Company. Note 17 includes reconciliations of the Company's condensed interim consolidated statements of financial position and statements of loss and comprehensive loss for comparative periods prepared in accordance with GAAP and as previously reported to those prepared and reported in these unaudited condensed interim financial statements in accordance with IFRS.

Recent Accounting Pronouncements

The following IFRS standards have been recently issued by the International Accounting Standards Board ("IASB"): IFRS 7, Financial Instruments: Disclosures, IFRS 9 Financial Instruments, IFRS 10 Financial Statements and IFRS 13 Fair Value Measurement. The Company is assessing the impact of these new standards, but does not expect them to have a significant effect on the financial statements.

(a) Amendments to IFRS 7, Financial Instruments: Disclosures

IFRS 7 Financial Instruments: Disclosures ("IFRS 7") was amended by the IASB in October 2010 and provides guidance on identifying transfers of financial assets and continuing involvement in transferred assets for disclosure purposes. The amendments introduce new disclosure requirements for transfers of financial assets including disclosures for financial assets that are not derecognized in their entirety, and for financial assets that are derecognized in their entirety but for which continuing

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Three months ended June 30, 2011

involvement is retained. The amendments are effective for annual periods beginning on or after July 1, 2011.

(b) IFRS 9, Financial Instruments

IFRS 9, Financial Instruments ("IFRS 9") was issued by the IASB on November 12, 2009, and will replace IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized costs or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013. The Company is currently evaluating the impact of IFRS 9 on its financial statements.

(c) IFRS 10, Financial Statements

IFRS 10 Financial Statements ("IFRS 10") provides a single model to be applied in the control analysis for all investees, including entities that currently are SPEs in the scope of SIC-12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 (2008). The Company intends to adopt IFRS 10 in its financial statements for the annual period beginning on April 1, 2013.

(d) IFRS 13, Fair Value Measurement

IFRS 13, Fair Value Measurement ("IFRS 13") was issued by the IASB on May 12, 2011. The new standard converges IFRS and US GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents, receivables, accounts payable and accrued liabilities, credit facilities, due to related parties, long-term debt and convertible loan note. The fair values of these financial instruments approximate their carrying values because of their short term nature and /or the existence of market related interest rates on the instruments. Fair values were obtained by Level 1 hierarchy inputs.

These financial instruments are classified in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Three months ended June 30, 2011

(i) Financial assets at fair value through profit or loss -

Financial assets are classified at fair value through profit or loss if it is classified as held for trading in the near future or is designated as such upon initial recognition. The Company's cash and cash equivalents are classified as fair value through profit and loss for the period. They are initially and subsequently measured at fair value with changes in carrying value being included in profit or loss for the period.

(ii) Available-for-sale financial assets -

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are initially and subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

(iii) Loans and receivables -

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and such assets are recognized initially at fair value and subsequently measured on an amortized cost basis using the effective interest method, less any impairment losses. Loans and receivables are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

(iv) Financial liabilities at amortized cost -

Financial liabilities at amortized cost are non-derivative financial liabilities that are not classified as financial liabilities at fair value through profit or loss. The Company's credit facilities, accounts payable and accrued liabilities, due to related parties and convertible loan notes are classified as financial liabilities at amortized cost and are initially measured at fair value and subsequently measured at amortized cost using the effective interest rate method.

(v) Compound financial instruments -

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest and losses and gains relating to the financial liability are recognized in profit or loss. On conversion, the financial liability is reclassified to equity; no gain or loss is recognized on conversion.

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Three months ended June 30, 2011

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

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. As at June 30, 2011, 80% of the Company's accounts receivable were due from three customers. 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 June 30, 2011, the Company had cash and cash equivalents of \$18,648 and account receivable of \$221,729 to settle liabilities of \$621,991 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 which \$583,081 has been drawn at June 30, 2011 (Note 7(a)) and

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Three months ended June 30, 2011

deferred revenues of \$484,237. 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. Subsequent to June 30, 2011, the Company obtained loans in amount of \$265,000. 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 June 30, 2011, the denomination of the Company's financial instruments were as follows:

	US	Canadian	AED	Total
Cash	\$ 487	\$ 16,409	\$ 1,752	\$ 18,648
Accounts receivable	27,603	157,116	37,010	221,729
Accounts payable and Accrued liabilities	2,794	440,876	178,321	621,991

At June 30, 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:

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Three months ended June 30, 2011

1. Authorized and Issued Capital Stock

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

As at September 28, 2011, there were 17,681,258 common shares issued and outstanding.

2. Options and Warrants Outstanding

- a) Stock options outstanding as at September 28, 2011 are as follows:

Number of shares	Exercise price per share	Expiry date	Exercisable
465,000	\$0.34	July 8, 2017	465,000
15,000	\$1.12	May 13, 2013	15,000
250,000	\$0.50	January 21, 2014	250,000
10,000	\$0.50	April 13, 2019	10,000
745,000	\$0.18	May 19, 2020	651,875
543,500	\$0.25	December 16, 2020	339,688
213,000	\$0.25	May 19, 2021	79,875
2,241,500			1,811,438

- b) Warrants outstanding as at September 28, 2011 are as follows:

Number of shares	Exercise price per share	Expiry date	Exercisable
615,000	\$0.75	December 7, 2012	615,000
1,220,325	\$0.40	June 18, 2013	1,220,325
400,000	\$0.50	November 5, 2012	400,000
2,235,325			2,235,325

Other Requirements

Controls and Procedures

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in

EmerGeo Solutions Worldwide Inc.

Management's Discussion and Analysis
Three months ended June 30, 2011

accordance with IFRS. The Chief Executive Officer and Chief Financial Officer have concluded that there has been no change in the Company's internal control over financial reporting during the period ended July 31, 2011 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. As of June 30, 2011, the Company's internal control over financial reporting was effective.

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.