



CriticalControl Solutions Corp.
Management, Discussion & Analysis
September 30, 2009

The following discussion and analysis provides a review of the operating results, financial position and liquidity risk affecting the financial results of CriticalControl Solutions Corp. for the period ended September 30, 2009 prepared as of November 4, 2009. This report should be read in conjunction with the Corporation's December 31, 2008 audited consolidated financial statements and accompanying notes presented in accordance with Canadian generally accepted accounting principles ("GAAP").

All financial information is presented in thousands of Canadian dollars, except share data.

CORPORATE DEVELOPMENTS

Revenue was \$7,057 for the three months, and \$19,119 for the nine months ended September 30, 2009 compared to \$6,699 and \$18,947 respectively in the same periods in 2008. The 5% increase in revenue for the three month period was due to two months of revenue from the acquisition of BPO Management Services, Ltd. ("BPOMS"), which was completed on July 31, 2009, offset by an economic downturn induced \$1,223 reduction in revenue from the Corporation's business in Alberta.

Net income for the third quarter of 2009 amounted to \$665 and totalled \$1,791 on a year to date basis compared to a respective \$1,232 and \$2,438 for the same periods in 2008. The 27% decline in net income for the nine month period was a direct result of the 46% decline in net income in the three month period, which in turn was a result of the added sales and administrative costs associated with the acquisition of BPOMS of \$412 and an additional \$75 reserve taken on the Corporation's accounts receivable. The loss attributed to BPOMS' operations, prior to any attributed corporate overhead, for the two months consolidated into the Corporation's financial statements was \$2.

On February 11, 2009, the Corporation consolidated its common shares on a one (1) new for three (3) old share basis as approved by the Corporation's shareholders on November 26, 2008.

Also on February 11, 2009, the Corporation listed its shares on the Toronto Stock Exchange ("TSX") on a post consolidated basis and simultaneously delisted its shares from the TSX Venture Exchange.

On February 17, 2009, the Corporation issued 481,716 shares to Wellington Financial pursuant to the cashless exercise and cancellation of Wellington Financials warrants to acquire 2,934,782 shares of the Corporation. Following the exercise and cancellation, the Corporation's outstanding shares increased by 1.17 per cent and its outstanding shares calculated on the assumption of the exercise or conversion of all convertible or exchangeable securities decreased by 5.26 per cent.

The Corporation purchased and cancelled 1,005,744 of its shares during the three month ended June 30, 2009 pursuant to a Normal Course Issuer Bid announced on May 19, 2009 to purchase for cancellation up to 2,788,457 common shares.

On July 29, 2009, the Corporation entered into a facility agreement for a secured revolving line of credit for up to \$5,000 to support the Corporation's working capital requirements with a Canadian Chartered Bank. The line bears interest at prime plus 1.25% payable monthly in arrears. This facility replaced the Corporation's former \$3,500 facility.

On July 31, 2009, the Corporation acquired 100% of the outstanding shares of BPOMS for \$3,511 inclusive of \$100 of cash paid, assumption of liabilities and closing and transaction costs. BPOMS is a provider of imaging products and services, inclusive of business process outsource solutions based in Winnipeg and Toronto.

On October 1, 2009, the Corporation acquired 100% of the outstanding shares of Southport Data Systems Inc. ("Southport") for \$2,300 which includes \$1,500 paid on closing, \$300 due on October 1, 2010 and \$500 on due on November 1, 2011 based on certain growth performance criteria. The purchase price was financed from cash on hand and CriticalControl's operating line. Southport is a provider of business process outsourcing solutions, in the greater Toronto area, with key strengths in large scale imaging and data entry.

Effective November 1, 2009, the Corporation acquired 100% of the outstanding shares of Gas Analytical Service, Inc., ("GAS") of Bridgeport, WV. for US\$10,000 paid through cash and the issuance of a US\$9,000 note, bearing interest at 4% per annum, payable over a 5 year term. After taking into account adjustments which were anticipated to occur at closing, as at September 30, 2009, GAS had assets of approximately US\$4,100 and liabilities of US\$1,000. The cash portion of the purchase price was financed from cash on hand and CriticalControl's operating line. GAS' primary business includes the provision of gas measurement equipment and services, including gas chart integration services to over 500 active clients based in the Appalachian Basin in the Eastern United States.

SELECTED QUARTERLY INFORMATION

| | Three months ended September 30, 2009 | Three months ended September 30, 2008 |
|---|--|--|
| Revenue | 7,057 | 6,699 |
| Gross Margin ⁽³⁾ | 3,661 | 3,700 |
| Net Income | 665 | 1,232 |
| Net Income per share – basic and diluted | 0.02 | 0.01 |
| Interest | 8 | 22 |
| Current Assets | 8,709 | 5,498 |
| Current Liabilities | 7,395 | 3,300 |
| Working capital ⁽¹⁾⁽²⁾ | 1,314 | 2,198 |
| Total assets | 24,127 | 18,308 |
| Total long-term debt (includes current portion) | - | 1,000 |
| Total equity | 15,421 | 13,417 |

(1) Working capital, defined as current assets less current liabilities, is a non-GAAP measure and may not be comparable to similar measures used by other companies. Management believes that working capital is an indicator of the Corporation's liquidity and its ability to meet its current obligations.

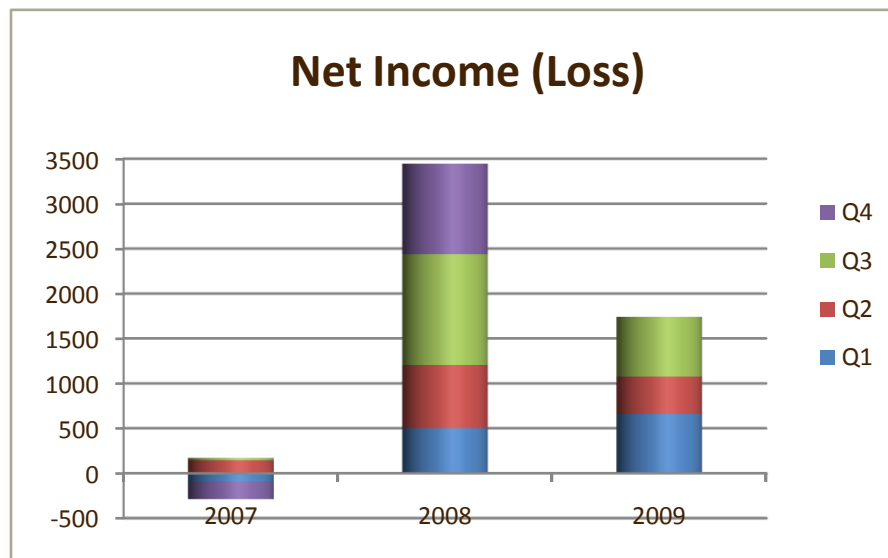
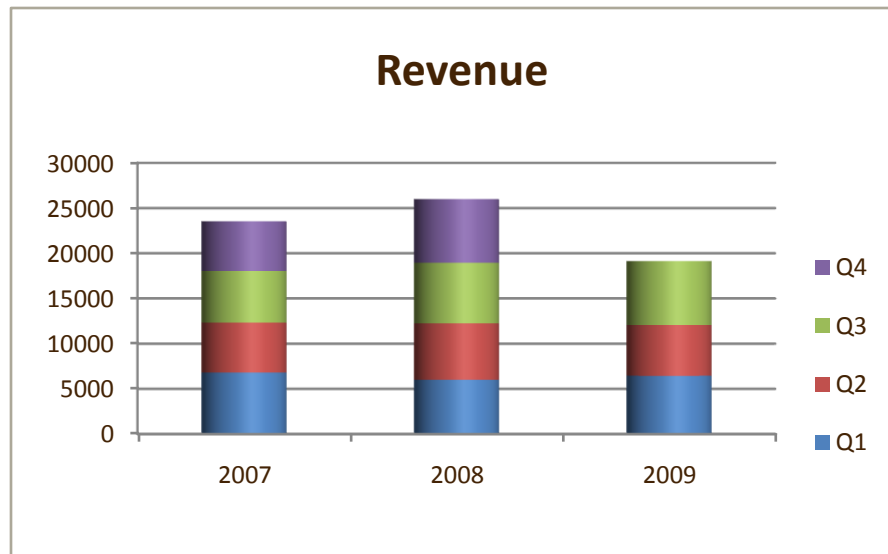
(2) Readers are cautioned not to view this non-GAAP financial measure as an alternative to financial measures calculated in accordance with GAAP.

(3) Gross margin is a non-GAAP measurement that management believes is a useful supplemental measure of operations.

SUMMARY OF QUARTERLY RESULTS

The following table presents certain financial information on a consolidated basis for the last eight quarters. The quarterly financial information has been restated to reflect the discontinued operations and yearend adjustments.

| | Two Year Summary By Quarter | | | | | | | |
|---|-----------------------------|-------|-------|-------|-------|-------|-------|--------|
| | Years ended December 31, | | | | | | | |
| | 2009 | | | 2008 | | | 2007 | |
| | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 |
| Revenue | 7,057 | 5,617 | 6,445 | 7,037 | 6,699 | 6,253 | 5,995 | 5,490 |
| Net Income (loss) - Continuing Operations | 665 | 466 | 660 | 1,006 | 1,232 | 702 | 504 | (196) |
| Net Income (loss) - Discontinued Operations | - | - | - | - | - | - | - | (47) |
| Net income (loss) | 665 | 466 | 660 | 1,006 | 1,232 | 702 | 504 | (243) |
| Net income/(loss) per share | 0.02 | 0.01 | 0.02 | 0.02 | 0.03 | 0.02 | 0.01 | (0.00) |



CORPORATE PROFILE

CriticalControl Solutions Corp. (the "Corporation" or "CriticalControl") enables its clients to increase operational performance through the better control of critical business information. CriticalControl seeks to empower clients with everything from strategies and tools, to outsourced solutions to manage information, wherever and in whatever form that information exists. Its proprietary products are data management tools used in the critical business operations of clients in two main industries: Government and Energy.

Government

The base of CriticalControl's solutions is the application and integration of information into the workflow of an organization, whatever form such information may exist in. The integration of CriticalControl's solutions into the business process of the client is dependent upon the client and the opportunity. CriticalControl's services include:

1. Development of a strategic plan to determine how information must be managed within an organization and how the information is required to be accessed and integrated into the workflow of such organization. This process typically

results in an information management plan, the evaluation of a document management system and the need to develop a records management solution;

2. Professional services to implement a document management or records management solution;
3. Conversion of information from existing form to a form required under the information management plan. This entails the possible conversion of large scale repositories from paper or microfilm to digital media and/or microfilm as required or day forward conversion for the integration of all new information from communication or business into an information management system; and
4. Outsourcing of business processes in their entirety.

In order to diversify from the Corporation's business concentrated in Alberta, the Corporation acquired BPOMS on July 31, 2009 and Southport on October 1, 2009 expanding the Corporation's imaging and document management business into other verticals including the financial sector and diversifying the Corporation's Government business geographically from Alberta to also include Manitoba and Ontario. All operations from BPOMS have been included in the Corporation's Government sector disclosure.

Energy

The Corporation offers its upstream and midstream oil and gas clients with management tools and services to manage daily operations including their critical production measurement data with a suite of products and integrated services as follows:

1. Measurement Operations – This offering includes the collection of production related data from non electronic devices and third party systems. This includes the imaging and analysis of circular charts from dry flow orifice meters (also known as chart recorders) using CriticalControl's proprietary ScanGas application and the capture of gas composition data from third party gas analysis laboratories using CriticalControl's proprietary ProTrend application.
2. Measurement Solutions – This offering includes capture, validation and cleanup of a client's data related to plants and facilities. This includes services to map how each well is connecting in a client's gathering pipeline system using the Corporation's proprietary PipeWatch application. By integrating this information with production data captured in the Corporation's Measurement Operations services, risk assessment services can be provided through the Corporation's proprietary CorrosionWatch application.
3. WebSCADA Solutions – This offering enables, through the use of an internet web browser, the monitoring and control of compressors and electronic flow computers in the field using the Corporation's proprietary NetFlow application. This includes the capture of production data from electronic devices.

RESULTS OF OPERATIONS

Comparison of the three and nine months ended September 30, 2009 and 2008.

Revenue

| | Three months ended September 30, | | | Nine months ended September 30, | | |
|----------------|-------------------------------------|-------|--------|------------------------------------|--------|--------|
| | 2009 | 2008 | Change | 2009 | 2008 | Change |
| Revenue | | | | | | |
| Government | 4,258 | 3,703 | 15% | 10,400 | 10,678 | (3)% |
| Energy | 2,799 | 2,996 | (7)% | 8,719 | 8,269 | 5% |
| | 7,057 | 6,699 | 5% | 19,119 | 18,947 | 1% |

Government

Revenue from the acquisition of BPOMS contributed \$1,580 for the period ended September 30, 2009. The additional revenue was offset by a decrease in revenue from the Corporation's Edmonton based service bureau of \$704 for the three months ended September 30, 2009 and by \$1,081 for the nine months corresponding period in 2008. The reduction is attributed to a decrease in spending in capital projects and long term Enterprise Content Management projects not being

pursued due to government budgetary restrictions. The Corporation's long term business process outsourcing business also had a decrease in revenue of \$321 for the three months and \$778 for the nine months ended September 30, 2009 when compared to the same period in 2008. The decline was due in part to the planned termination of a non-core business process which was repatriated to a government ministry and a significant decline in revenue associated with the registrations of real estate and motor vehicle transactions, which have been impacted by the current economic climate.

Energy

Growth in the Corporation's Energy sector is, in part, dependent on variations in industry drilling activity related to the price of natural gas. Revenue for the Corporation's Energy business decreased by \$197 (7%) for the three months ended September 30, 2009 due to the industry wide shut in of low production wells, particularly where capital expenditure was required to continue production. Revenue from the sale of electronic flow measurement devices declined by \$341, which combined with the drop in revenue from shut in wells was mitigated by organic growth resulting from client expansion. Revenue for the nine months ended September 30, 2009 when compared to the same periods in 2008 increased by \$450 (5%). The business unit achieved \$225 of organic growth for the three months and \$318 for the nine months ended September 30, 2009 in its ScanGas application from implementation of chart integration services for a senior oil and natural gas exploration, development and production company. Additionally \$126 of the growth for the three months was from the acquisition of the assets of Western Corrosion Technologies in October 2008 and \$589 for the nine months was from the acquisitions of ScadaNet in July, 2008 and the assets of Western Corrosion Technologies in October 2008.

Cost of Revenue and Gross Margin

| | Three months ended September 30, | | | Nine months ended September 30, | | |
|---|-------------------------------------|-------|--------|------------------------------------|--------|--------|
| | 2009 | 2008 | Change | 2009 | 2008 | Change |
| Cost of Revenue | | | | | | |
| Government | 2,542 | 2,001 | 27% | 6,241 | 5,830 | 7% |
| Energy | 854 | 998 | (14)% | 2,944 | 2,893 | 2% |
| | 3,396 | 2,999 | 13% | 9,185 | 8,723 | 5% |
| Gross margin ⁽¹⁾ | | | | | | |
| Government | 1,716 | 1,702 | 1% | 4,159 | 4,848 | (14)% |
| Energy | 1,945 | 1,998 | (3)% | 5,775 | 5,376 | 7% |
| | 3,661 | 3,700 | (1)% | 9,934 | 10,224 | (3)% |
| Gross margin percentage ⁽¹⁾ | | | | | | |
| Government | 40% | 46% | (13)% | 40% | 45% | (11)% |
| Energy | 69% | 66% | 5% | 66% | 65% | 2% |
| | 52% | 55% | (5)% | 52% | 54% | (4)% |

⁽¹⁾ Gross margin is a non-GAAP measurement that management believes is a useful supplemental measure of operations.

Government

Gross margin in the Corporation's Government business declined in the first six months of 2009 from the same period in 2008 as a result of reduced economies of scale from the decline in transactional revenue associated with certain of the Corporation's business process outsourcing activities and the decline in revenue from the Corporation's imaging service bureau due to government budgetary restrictions. This same trend continued in the third quarter of 2009 but was offset in the quarter from the gross margin contributed by the acquisition of BPOMS. Since BPOMS' gross margin as a percentage of revenue was lower than the Corporation's historic government business, gross margin as a percentage of revenue fell from 46% last year to 40% for the third quarter of 2009.

Energy

Gross margin in the Corporation's Energy business remained constant despite a decrease in revenue during the third quarter of 2009. Revenue from the sale of lower margin electronic flow measurement devices declined by \$341 due to the economic environment, but was offset with higher margin recurring services revenue, thereby increasing gross margin as a percentage of revenue to a record 69% in the quarter.

Operating Expenses

| | Government | | Energy | | Corporate & Other | | Total | |
|---|------------|------|--------|-------|-------------------|------|-------|-------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| For the three months ended September 30, | | | | | | | | |
| Selling & administrative expenses | 1,131 | 672 | 560 | 594 | 630 | 609 | 2,321 | 1,875 |
| Research and development expenses | - | - | 186 | 155 | - | - | 186 | 155 |
| Amortization of property & equipment | 102 | 56 | 202 | 215 | 1 | 2 | 305 | 273 |
| Amortization of customer contracts | 93 | 53 | 98 | 93 | - | - | 191 | 146 |
| Gain on sale of property and equipment | - | - | - | - | - | (9) | - | (9) |
| Interest and other expenses | - | - | - | - | (7) | 28 | (7) | 28 |
| | 1,326 | 781 | 1,046 | 1,057 | 624 | 630 | 2,996 | 2,468 |

| | Government | | Energy | | Corporate & Other | | Total | |
|--|------------|-------|--------|-------|-------------------|-------|-------|-------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| For the nine months ended September 30, | | | | | | | | |
| Selling & administrative expenses | 2,636 | 2,341 | 1,917 | 1,958 | 1,782 | 1,805 | 6,335 | 6,104 |
| Research and development expenses | - | - | 523 | 507 | - | - | 523 | 507 |
| Amortization of property & equipment | 222 | 173 | 583 | 553 | 3 | 4 | 808 | 730 |
| Amortization of customer contracts | 200 | 159 | 292 | 258 | - | - | 492 | 417 |
| Gain on sale of property and equipment | - | - | - | - | - | (55) | - | (55) |
| Interest and other expenses | - | - | - | - | (15) | 83 | (15) | 83 |
| | 3,058 | 2,673 | 3,315 | 3,276 | 1,770 | 1,837 | 8,143 | 7,786 |

Selling and Administrative Expenses

Selling and administrative expenses attributed to the Corporation's Government sector increased for the three months and nine months ended September 2009 compared to the same periods last year due to the additional selling and administrative costs of \$412 incurred by the addition of offices in Winnipeg and Toronto associated with the acquisition of BPOMS. The Corporation is in the process of reviewing and streamlining the overhead costs of BPOMS as part of the integration of the business unit within the current administrative structure.

Selling and administrative expenses attributed to Corporate overhead decreased marginally for the quarter due to general streamlining of expenses. The selling and administrative expenses attributed to Corporate overhead decreased by 4% for the nine months ended September 2009, in spite of certain onetime costs associated with the listing of the Corporation's shares on the Toronto Stock Exchange in the first quarter of the year.

Research and Development

The Corporation continued with its development project, ProStream, to integrate the databases associated with its different applications in the energy sector, all costs of which are expensed in the period in which they are incurred. This project will consolidate various databases into a single repository to reduce duplicate data facilitating reduced administrative costs, increased data integrity and help leverage essential production data to empower clients to make informed decisions related to their operations.

Interest and Other Expenses

Interest costs fell due to the Corporation's retirement of its long term debt during the first quarter of 2009. The Corporation's interest costs of \$8 on the line of credit was offset by \$15 gain on foreign exchange for the three months and \$14 interest cost was offset by \$29 gain on foreign exchange for the nine months ended September 30, 2009.

Net Income

The Corporation's net income for the third quarter decreased by \$567 and on a year to date basis by \$647 compared to the same periods in 2008 due primarily to the decline in year over year revenue in the imaging service bureau and outsourcing sectors and additional costs related to acquisition of BPOMS, offset in part, by an increase in revenue and profitability from the Corporation's Energy sector business for the nine months ended September 30, 2009.

LIQUIDITY AND CAPITAL RESOURCES

Positive cash flow contributed to the Corporation's working capital improvement of \$1,070 for the nine months ended September, 2009, from December 31, 2008, and by \$884 from the same period in 2008 despite the assumption of liabilities of \$2,586 and transaction and restructuring costs of \$825 from the acquisition of BPOMS.

The following table shows the Corporation's financial liabilities inclusive of operating leases:

| | 2009 | 2010 to 2011 | 2012 to 2013 | Beyond 2013 |
|--|-------|--------------|--------------|-------------|
| Accounts payable and accrued liabilities | 3,701 | - | - | - |
| Long term debt | - | - | - | - |
| Commitments and contingencies | 420 | 1,596 | 1,155 | 2,952 |
| Total | 4,121 | 1,596 | 1,155 | 2,952 |

Management anticipates that its current level of cash flow from operations is sufficient to meet its obligations, but expects to regularly review its level of capital resources and adjust spending accordingly. This review will consider factors such as the current economic environment, changes in demand for the Corporation's services and profitability of the Corporation's operations, any of which may materially affect the Corporation's ability to meet its obligations.

On July 30, 2009, the Corporation replaced its \$3,500 revolving operating facility with a \$5,000 revolving operating facility with a Canadian Chartered Bank. Management's 2009 budget for capital expenditures, not inclusive of any amounts which may be used to fund potential acquisitions is \$600, of which \$362 has been used year to date. At September 30, 2009, the Corporation had \$1,027 of cash on hand and access to \$3,975 of its operating facility to fund its ongoing working capital requirements for 2009. Subsequent to the end of the quarter \$2,500 has been used to fund the acquisition of Southport and GAS. In the event of a negative material change in the Corporation's ongoing business or cash requirements to fund potential acquisitions, further financing may be necessary, the success of which will be dependent upon the Corporation's ability to access the capital markets. Management does not anticipate any impact to the Corporation's liquidity.

FINANCIAL INSTRUMENTS

Fair Value

As at September 30, 2009, the estimated fair values of cash, accounts receivables, operating loan, long term debt, accounts payable and accrued liabilities approximated their carrying values.

Credit and Concentration Risk

For the three months ended September 30, 2009 the Corporation derived approximately 40 % (2008 – 49%) of its total revenue from the Government of Alberta. As at September 30, 2009, 14% (2008 – 33%) of accounts receivable pertained to this customer.

BUSINESS RISKS

Management of Growth

The Corporation has, in the past, experienced significant growth in its business, including an expansion in the Corporation's staff, customer base and the expansion of its product and service offerings. Such growth placed and will continue to place, a significant strain on the Corporation's management and operations. The Corporation's ability to manage growth effectively in the future will require it to further develop and improve its operational, financial and other internal systems, and to hire, and manage employees. If the Corporation is unable to manage its growth effectively, the Corporation's business, results of operations, liquidity and financial condition could be materially and adversely affected.

Fluctuation in Quarterly Results

Quarterly revenue and operating results may fluctuate as a result of a variety of factors, including demand for the Corporation's products and services, the proportion of revenue attributable to proprietary software licensing and implementation versus service revenue, the introduction of new products and product enhancements by the Corporation or its competitors, changes in the Corporation's pricing policies or those of its competitors, currency exchange rate fluctuations, or the fixed nature of a significant portion of the Corporation's operating expenses, particularly salaries and leasing costs.

Historical Operating Losses

The Corporation has experienced substantial operating losses in previous fiscal years. Its success will depend in large part upon its ability to generate sufficient revenue to achieve continued annual profitability and to maintain existing and to develop new customer relationships.

Dependence on Management and Key Employees

The Corporation's success will depend, to a very significant extent, on the performance and continued services of its senior management and certain other key employees, the loss of any of whom could have a material adverse effect upon the Corporation. In addition, the Corporation has hired a number of key managers within the past four years and may continue to expand its management team in the future. The Corporation believes that its future success will also depend in large part upon its ability to attract and retain highly skilled technical, managerial and marketing personnel. Competition for such personnel is intense and the Corporation has experienced difficulties in recruiting qualified personnel and may continue to experience such difficulties in the future. There can be no assurance that the Corporation will be successful in attracting and retaining the personnel it requires to continue to maintain and expand its business. The Corporation has key person life insurance on its President and CEO.

Risks Related to Acquisitions

The Corporation may, in the future, further expand its operations or product offerings through the acquisition of additional businesses, products or technologies. There can be no assurances that the Corporation will be able to identify, acquire or profitably manage additional businesses without substantial expenses, delays or other operational or financial problems. Furthermore, acquisitions also entail numerous risks, including: difficulties in assimilating acquired operations, products and personnel; unanticipated costs, events and legal liabilities; diversion of management's attention from other business concerns; adverse effects on existing business relationships with suppliers and customers; risks of entering markets in which the Corporation has limited or no prior experience; and potential loss of key employees from either the Corporation's pre-existing business or the acquired organization. Some or all of these risks could have a material adverse effect on the Corporation's business, results of operations and financial condition.

In addition, there can be no assurance that acquired businesses, products or technologies, if any, will achieve anticipated revenues and income. Acquisitions could also use a substantial portion of the Corporation's available cash; may result in the Corporation incurring substantial debt, which may not be available on favourable terms and may adversely affect the liquidity of the Corporation's stock; may result in the Corporation assuming contingent liabilities and taking substantial charges in connection with the impairment of goodwill and amortization of other intangible assets; and may result in the issuance of equity securities that would dilute existing shareholders. The failure of the Corporation to manage its acquisition strategy successfully could have a material adverse effect on the Corporation's business, results of operations, liquidity and financial condition.

Protection of Intellectual Property

The Corporation relies primarily on a combination of copyright, trademark and trade secrets laws, confidentiality procedures and contractual provisions to protect its proprietary rights. Substantial portions of the Corporation's sales are derived from the licensing of the Corporation's products. The Corporation generally enters into confidentiality agreements with its other licensees and employees. Despite the Corporation's efforts to protect its proprietary rights, unauthorized parties may attempt to copy and may succeed in copying aspects of the Corporation's products or to obtain and use information that the Corporation regards as proprietary. Furthermore, there can be no assurance that others will not independently develop products similar to those of the Corporation. In addition, the laws of some foreign countries do not protect the Corporation's proprietary rights to as great an extent as do the laws of Canada or the United States. There can be no assurance that the Corporation's competitors will not independently develop similar technology or that the Corporation's means of protecting its proprietary rights will be adequate, and consequently the Corporation's business, results of operations, liquidity and financial condition could be materially adversely affected.

The Corporation is not aware that any of its products infringe the proprietary rights of third parties. There can be no assurance, however, that third parties will not claim infringement by the Corporation with respect to current or future products. Defense of such claims, with or without merit, could be time-consuming, result in costly litigation, cause product delivery delays or require the Corporation to enter into royalty or licensing agreements. Such royalty or licensing agreements, if required, may not be available on terms acceptable to the Corporation or at all, either of which could have a material adverse effect upon the Corporation's business, results of operations, liquidity and financial condition.

RISKS RELATED TO THE INDUSTRY

Intense Competition

The markets for the Corporation's products and services are intensely competitive and rapidly changing and a number of companies offer products and services similar to the Corporation's products and services and target the same customers as the Corporation. The Corporation believes its ability to compete depends upon many factors within and outside its control, including the timely development and introduction of new products and services, product enhancements, product functionality, performance, price, reliability, customer service and support, sales and marketing efforts, and introduction of new products and services by competitors.

Many of the Corporation's competitors and potential competitors are substantially larger than the Corporation and have greater name recognition, larger customer bases and significantly greater financial, technical, marketing, public relations, sales, distribution and other resources than the Corporation. As a result, they may be able to respond more quickly to new or emerging technologies and changes in customer requirements, or to devote greater resources to the development, promotion and sale of their products than the Corporation.

As competition increases, the prices that the Corporation charges for its products and services may decline. If the Corporation is not able to compete successfully, the Corporation's business, financial condition and operating results could be materially adversely affected.

Rapid Technological Change

The markets for the Corporation's products are characterized by rapid technological advances, evolving industry standards, changes in end-user requirements and frequent new product introductions and enhancements. The Corporation's future success will depend upon its ability to enhance its current products, and to develop and introduce new products that keep pace with technological developments, respond to evolving end-user requirements and achieve market acceptance.

The development of such new products or enhanced versions of existing products entails significant technological risks. There can be no assurance that the Corporation will be successful in marketing its existing products or be successful in developing or marketing new products or product enhancements, any of which could have a material adverse effect on the Corporation's business, results of operations and financial condition.

OFF-BALANCE SHEET FINANCING

The Corporation has undrawn letters of credit totaling \$200 with its bank that have been provided to customers as a performance guarantee. The Corporation has no other off-balance sheet financing arrangements.

TRANSACTIONS WITH RELATED PARTIES

The Corporation had no transactions with related parties for the period ended September 30, 2009.

SUMMARY OF SHARE CAPITAL

On February 11, 2009 the shares of the Corporation were consolidated on a one (1) new share for three (3) old shares basis as approved by the Corporation's shareholders on November 26, 2008.

Effective May 21, 2009, the Corporation received regulatory approval for a Normal Course Issuer Bid ("the bid") from the Toronto Stock Exchange to purchase for cancellation, from time to time as the Corporation considers advisable, up to 2,788,457 common shares or 10% of the Corporation's public float. The bid commenced on May 21, 2009 and will expire on May 20, 2010.

During the three months ended June 30, 2009, the Corporation purchased for cancellation 1,005,744 shares at an average cost per share of \$0.468.

During the three months ended September 30, 2009, the Corporation did not purchase any shares under the bid.

Issued and Outstanding

| Common shares | Number | Amount |
|--|-------------|----------|
| Balance, December 31, 2008 | 41,372,305 | 22,921 |
| Issued on exercise of stock options (2009) | 16,666 | 6 |
| Issued on exercise of warrants (2009) | 481,716 | 39 |
| Shares purchased and cancelled | (1,005,744) | (470) |
| Balance, September 30, 2009 | 40,864,943 | \$22,496 |
| Shares cancelled | (64,827) | - |
| Balance, November 4, 2009 | 40,800,116 | 22,496 |

| Options | Number | Weighted-average exercise price |
|---|----------|---------------------------------|
| Outstanding, December 31, 2008 | 182,133 | \$0.51 |
| Exercised (2009) | (16,666) | \$0.30 |
| Cancelled (2009) | (26,140) | \$0.54 |
| Outstanding, Sep 30, 2009 and Nov 4, 2009 | 224,939 | \$0.56 |
| Exercisable, Sep 30, 2009 and Nov 4, 2009 | 224,939 | \$0.56 |

| Warrants & Special Warrants | Number | Weighted-average exercise price |
|---|-------------|---------------------------------|
| Outstanding, December 31, 2008 | 4,351,449 | \$0.45 |
| Cancelled (2009) | (2,453,067) | \$0.36 |
| Exercised (2009) | (481,716) | \$0.36 |
| Outstanding, Sep 30, 2009 and Nov 4, 2009 | 1,416,666 | \$0.66 |

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for designing disclosure controls and internal controls over financial reporting, as defined in the National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings ("52-109"). Management has designed such internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements and other filings in accordance with Canadian GAAP.

In assessing the Corporation's disclosure controls and procedures (DC&P), management concluded that disclosure controls are not effective due to the material weakness in the Corporation's internal control over financial reporting (ICFR).

Management also concluded that the Corporation's ICFR are not effective due to the material weaknesses described below. The material weaknesses did not result in any adjustments to the Corporation's financial statements for the period ended September 30, 2009.

- Due to limited resources and number of staff, it is not feasible to achieve complete segregation of duties among its staff. This creates a risk that inaccurate recording of amounts could be made and not corrected on a timely basis. The result is that the Corporation is highly reliant on the performance of mitigating procedures and management oversight during its financial close process in order to ensure the financial statements present fairly in all material respects.
- In-house expertise to deal with complex taxation, technical accounting and non-routine transactions is not sufficient. To mitigate this weakness, the Corporation engages external accounting firms and consultants to assist in advising on the reporting treatment of such transactions.

Management believes the documentation of internal controls is sufficient to provide reasonable assurance material errors in financial reporting and disclosures will be detected and prevented.

OUTLOOK & GUIDANCE

This Outlook and Guidance contains forward-looking statements which the Corporation does not intend, and does not assume any obligation, to update, except as required by law. The forward looking information and statements include:

- The current economic and financial crisis and its effect on the on the Corporation's client base's business;
- The price of natural gas and its effect on capital spending and operating budgets of the Corporation's client base;
- The economic environment and its effect on the Corporation's government clients' expenditure plans;
- The demand for value added services that provide additional cost reduction or production optimization for the Corporation's energy client base; and
- Management's assumptions regarding the sustainability of recurring revenue streams and the Corporation's expected continuing profitability in 2009.

The current economic environment has affected the Corporation's client base in both its government and energy divisions. Management believes that spending will likely remain curtailed by both sets of client bases for at least the next 2 quarters, and the magnitude of the cuts in spending and the effect on longer term spending initiatives remain uncertain.

Management expects exploration in the Western Canadian Sedimentary Basin to be curtailed in 2009 and into 2010 due to weak commodity prices. Although the Corporation's recurring revenue is tied to natural gas production rather than exploration, a reduction in the number of natural gas wells drilled and completed in 2009 and 2010 will result in lower growth in the Corporation's business.

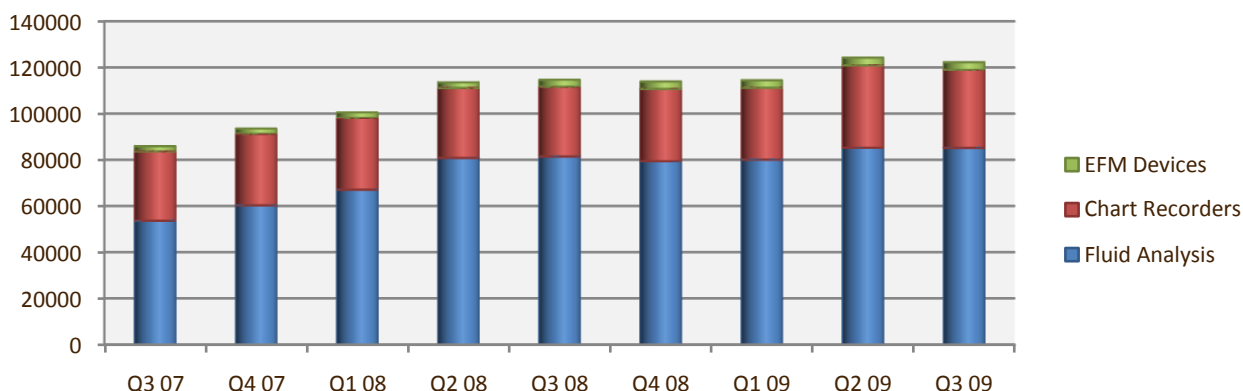
The severity of decrease in the economics of natural gas production has seen a number of low production wells shut in, especially where capital expenditure is required to continue production. Although management has been able to absorb this impact to the business through organic growth, the long term continuation of this economically induced trend may impact the Corporation's recurring revenue stream. In order to attain management's 2010 growth objectives, management will need to succeed in creating or acquiring value added services to provide additional cost reduction or production optimization results for its energy client base. In an effort to diversify from the continued weakness in growth expected from reduced exploration in the Western Canadian Sedimentary Basin, the Corporation has acquired Gas Analytical Service, Inc. ("GAS") of Bridgeport, West Virginia as of November 1, 2009.

The reduction in transactions in real estate and motor vehicles has resulted in a significant drop in the Corporation's registration services for provincial government ministries since the fourth quarter of 2008 and is expected to continue until the economy improves. As the current economic downturn continues, the Corporation's government clients continue to restrict spending, causing a delay or cancellation in many projects the Corporation anticipated in 2009.

Management's current opinion regarding the sustainability of its recurring revenue streams would suggest that the Corporation will be able to sustain continuous profitability for the remainder of 2009. The current economic climate, combined with possible continued uncertainty associated with its impact on Canada, will likely have further repercussions on the Corporation's client base which would result in lower revenue in both the Corporation's government and energy divisions.

Based on the three acquisitions completed by the Corporation since July 31, 2009, management anticipates generating \$45,000 to \$50,000 revenue in 2010. Based on this premise, management anticipates generating \$5,000 to \$6,000 in net income before tax from operations in 2010. Management's projections are based on the current level of economic activity in the Corporation's business in Canada and the United States, which in turn is dependent upon various macro economic factors and the price of natural gas. In the event the current economic downturn continues for an extended period of time or the price of natural gas falls below an economically viable production price, Management's projections will need to be reevaluated downward.

A deterioration of the economic climate or the prevalence of uncertainty for a lengthy period of time may materially affect management's outlook, in which case management's profitability targets will become dependent upon the Corporation's ability to further expand its core offering and market reach—both organically and through acquisition, which may require a longer timeframe to achieve.



OTHER

Accounting Policies

The company prepares its consolidated financial statements in accordance with Canadian generally accepted accounting principles ("GAAP").

On January 1, 2009, the Corporation adopted the new accounting handbook section 3064 which establishes new standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The adoption of this standard did not have material impact on the interim consolidated financial statements.

The remainder of the Corporation's accounting policies remain applicable.

Future Accounting Policies

International Financial Reporting Standards (IFRS)

In February 2008, CICA Accounting Standards Board ("AcSB") confirmed the changeover to International Financial Reporting Standard ("IFRS") from GAAP will be required for publically traded corporations for interim and annual financial statements effective fiscal years beginning on or after January 1, 2011 with comparative data also reported under IFRS. As of January 1,

2010, the Corporation will be required to prepare financial information in accordance with GAAP and IFRS in order to have comparative financial statements on full implementation of IFRS in 2011.

The project team which consists of senior levels of the Corporation's management has been set up and regular reporting will be provided by the project team to executive management and the Audit Committee of the Board of Directors.

The transition to IFRS will consist of three phases: diagnostic, design and implementation.

Earlier in 2009, the Corporation commenced with the diagnostic phase of its IFRS transition project which has now been completed. The diagnostic phase included initial and detailed assessment to identify key areas of difference between Canadian GAAP and IFRS and a preliminary review of the accounting system and the data gathering process. The Corporation has started the process of evaluating accounting policy choices and the identifying the options under IFRS 1, First Time Adoption of International Financial Reporting Standards, while quantifying the adjustment to the opening deficit. At this time, the impact on the Corporation's financial position and results of operations is not reasonably determinable or estimable for the IFRS conversion.

The Corporation is committed to the education and training component of the IFRS conversion. It has started, and will continue to invest in employee training, and a third party professional firm has also been engaged to assist with project management and technical accounting advice.

The Corporation will continue to monitor any changes to IFRS, assess the impact of adopting IFRS, and will update its MD&A disclosures quarterly to report on the progress of its IFRS implementation.

Head Office

1100, 840 – 7th Avenue SW
Calgary, Alberta
T2P 3G2

403.705.7500 (telephone)
403.705.7555 (facsimile)

www.criticalcontrol.com

Directors

| | |
|------------------|-----------------|
| George Watson | Dennis Nerland |
| Alykhan Mamdani | John Kendall |
| Thomas Ulrich | William Hammett |
| Robert McClinton | |

Officers

| | |
|-----------------|--|
| George Watson | Executive Chairman |
| Alykhan Mamdani | President and Chief Executive Officer |
| Hashu Remtulla | Vice President and Chief Financial Officer |
| Brenton Lawther | Chief Operating Officer |
| Willis Groshong | Executive Vice President, Edmonton Region |
| Raymond South | Vice President, Operations (Ontario) |
| Eric Olsen | Vice President, Operations (Edmonton) |
| Andy Levstik | Vice President, Product Development |

Additional information relating to the Corporation is available on SEDAR at www.sedar.com.