CriticalControl Solutions Corp.

Management Discussion and Analysis
For the Year Ended December 31, 2008

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 year ended December 31, 2008 prepared as of February 24, 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

- Net income improved to $3,444 for the twelve months ended December 31, 2008 compared to net income from continued operations of $117 for the same period in 2007. Net income improved to $1,006 for the fourth quarter of 2008 compared to a net loss from continued operations of $196 for the same period in 2007.
- Gross margin as a percentage of revenue increased to 54% for the twelve months ended December 31, 2008 compared to 48% in the same period in 2007. Gross margin improved to 54% in the fourth quarter of 2008 compared to 50% in the same period in 2007.
- Revenue improved to $25,985 for the twelve months ended December 31, 2008 compared to $23,085 in the same period in 2007. Revenue associated with the Corporation's government business increased by 13% and revenue associated with the Corporation's energy business increased by 12%.
- Revenue improved by 28% to $7,037 in the fourth quarter of 2008 compared to $5,490 in the same period in 2007. The acquisitions of SCADANet and the assets of WCT resulted in a 42% growth in revenue for the Corporation's Energy business during the fourth quarter of 2008 from the same period in 2007. Revenue from the Corporation's government business grew by 17% in the same comparative period.
- 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 post consolidation shares to Wellington Financial pursuant to the cashless exercise and cancellation of Wellington Financial's warrants to acquire 2,934,782 post consolidation shares of the Company. Following the exercise and cancellation, the Corporation's outstanding shares increased by 1.17 per cent to 41,854,021 and its outstanding shares calculated on the assumption of the exercise or conversion of all convertible or exchangeable securities decreased by 2,453,066 (5.26 per cent) .
- The Corporation acquired 6,654,000 of its outstanding common shares on a preconsolidated basis (equivalent to 2,218,000 post consolidated common shares) on the open market for cancellation between May 16, 2008 and September 12, 2008 pursuant to a Normal Course Issuer Bid ("NCIB"). The number of shares acquired were the maximum allowed pursuant to the NCIB.
- The Corporation amended the NCIB and acquired an additional 2,730,000 common shares on a preconsolidated basis (equivalent to 910,000 post consolidated shares) on the open market for cancellation between November 7, 2008 and December 10, 2008. In total, the Corporation purchased for cancellation 9,383,500 shares on a preconsolidated basis (equivalent to 3,127,833 post consolidated shares) at an average cost per share of $0.147. The number of shares purchased represents the maximum allowable in a one year period pursuant to the regulations relating to a NCIB.
- On October 1, 2008 the Corporation acquired the business and assets of Western Corrosion Technologies ("WCT") for $542. The acquired business of WCT includes a service to assist gas producers in mapping their gas wells and the system of interconnected pipelines that connect them to a gas plant. The assets include PipeWatch, a Web-based tool which assists these producers to view the resulting schematics through a geographic-information-system -based map.
- On July 2, 2008 the Corporation acquired a web-based Supervisory Control and Data Acquisition (SCADA) business called SCADANet from Matrikon Inc. for $831 in cash. SCADANet was a competitor product to the Corporation's proprietary NetFlow application.

SELECTED ANNUAL INFORMATION

	Year ended December 31, 2008	Year ended December 31, 2007	Year ended December 31, 2006
Revenue	25,985	23,085	21,762
Gross Margin (3)	14,044	10,969	9,932
Income from Continuing Operations	3,444	117	282
Loss from Discontinued Operations	-	(999)	(555)
Net Income / (Loss)	3,444	(882)	(273)
Net Income / (Loss) per share – basic and diluted	0.08	(0.00)	(0.00)
Amortization of property & equipment	1,021	987	1,024
Amortization of customer relationships & contracts	570	527	471
Interest	85	975	1,428
Current Assets	6,328	5,045	8,528
Current Liabilities	3,944	3,861	5,983
Working capital (1)(2)	2,384	1,184	2,545
Total assets	19,439	17,819	22,174
Total long-term debt (includes current portion)	850	1,500	5,737
Total equity	14,095	11,698	12,134

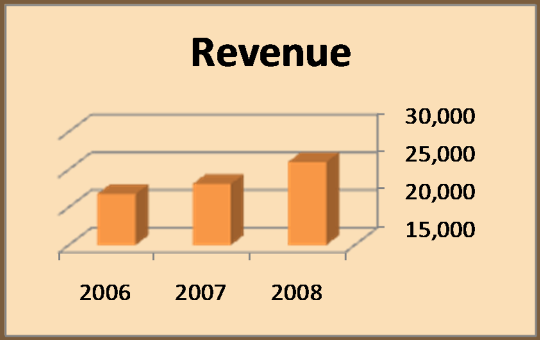
(1) Working capital, defined as current assets less current liabilities, is a non-GAAP measure and may not be comparable to similar measures used by other companies. Management believes that working capital is an indicator of the Corporation's liquidity and its ability to meet its current obligations.

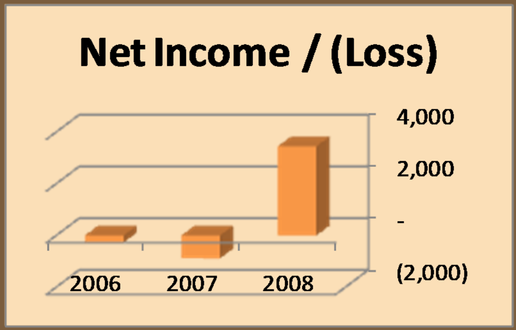
(2) Readers are cautioned not to view this non-GAAP financial measures as an alternative to financial measures calculated in accordance with GAAP.

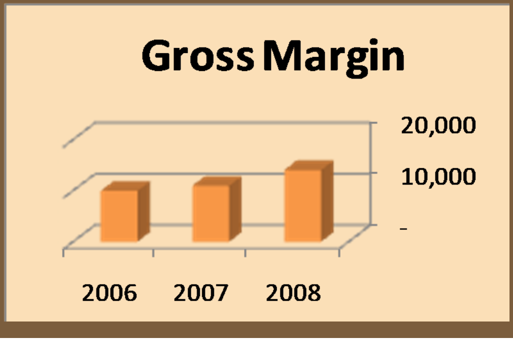
(3) Gross margin, defined as revenue less cost of revenue is a non-GAAP measurement that management believes is a useful supplement measure of operations.

Gross margins improved at a rate of 28% to $14,044 in 2008 from $10,969 in 2007 as a result of the Corporation's investment in technology and the advantage of economies of scale.

Working Capital increased to $2,384 at December 31, 2008 from $1,184 at December 31, 2007 primarily due to positive cash flow from operations.



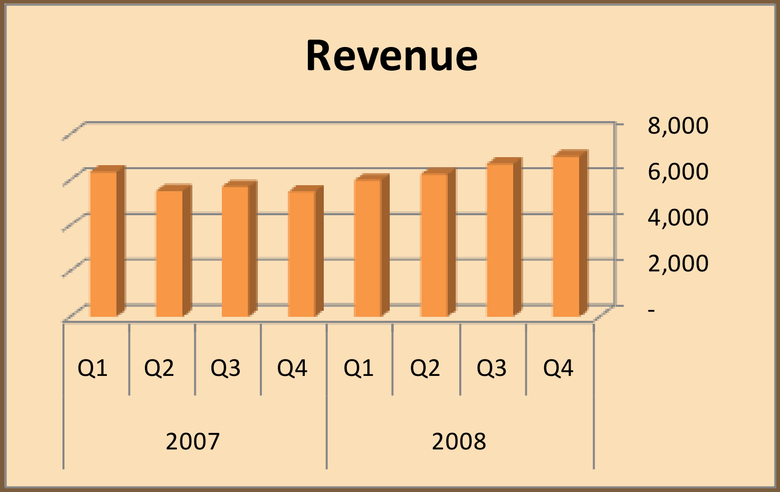


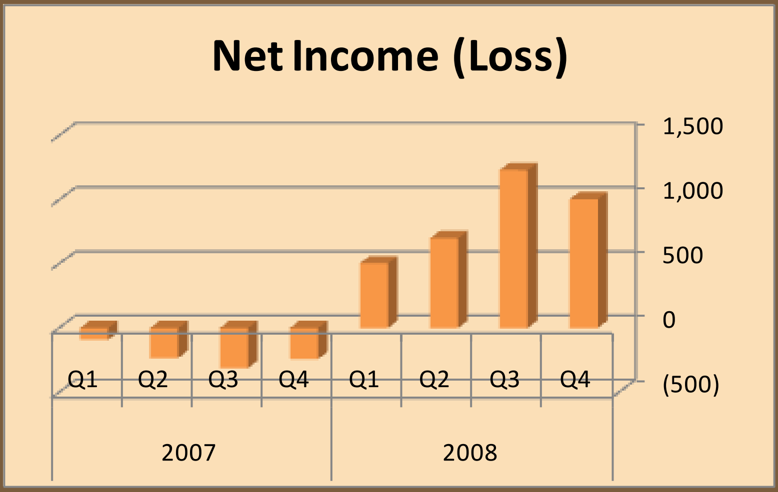


SUMMARY OF QUARTERLY RESULTS

The following table presents certain financial information on a consolidated basis for the last eight quarters. The financial information included herein for the quarters have been restated to reflect the discontinued operations and year-end adjustments.

	Two Year Summary By Quarter Years ended December 31,							
	2008				2007			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue - Continuing Operations	7,037	6,699	6,253	5,995	5,490	5,709	5,528	6,358
Revenue - Discontinued Operations	-	-	-	-	-	443	707	939
Net Income (loss) - Continuing Operations	1,006	1,232	702	504	(196)	27	144	142
Net Income (loss) - Discontinued Operations	-	-	-	-	(47)	(340)	(378)	(234)
Net income (loss)	1,006	1,232	702	504	(243)	(313)	(234)	(92)
Net income/(loss) per share	0.02	0.03	0.02	0.01	(0.00)	(0.00)	(0.00)	(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

CriticalControl integrates its services and solutions into the business processes of its provincial government ministry and health care clients, primarily based in Alberta. 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 dependant upon the client and the opportunity. CriticalControl's services include:

- 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;
- Professional services to implement a document management or records management solution;
- 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
- Outsourcing of business processes in their entirety.

Energy

The Corporation offers its Western Canadian 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:

- 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.
- 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.
- 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 twelve months ended December 31, 2008 and 2007

Revenue

The financial information included herein for the quarters have been restated to reflect certain discontinued operations.

	Three months ended December 31,			Year ended December 31,		
	2008	**2007**	**Change**	**2008**	**2007**	**Change**
Revenue						
Government	$3,522	$3,019	17%	$14,201	$12,521	13%
Energy	3,515	2,471	42%	11,784	10,564	12%
Corporate & Other	-	-	-	-	-	-
	$7,037	$5,490	28%	$25,985	$23,085	13%

As the Corporation's business continued to mature in 2007, management continued phasing out operations outside its areas of strategic focus. During 2008, the Corporation continued to execute on its plan to consolidate technologies and service offerings through acquisitions to bolster its Energy sector offerings and to increase profitability.

Total revenue increased to $25,985 for the year ended December 31, 2008 from $23,085 for 2007 – an increase of $2,900 or 13%. Revenue was $7,037 in Q4 of 2008, an increase of 28% compared to $5,490 in Q4 2007.

Government

During 2008, the Corporation's imaging service bureau experienced organic growth of 20% with revenue totaling $10,043 for the twelve months ended December 31, 2008 compared to $8,383 for the corresponding period in 2007. This business unit growth was offset by strategic measures undertaken by management which resulted in a decline in real property solutions consulting for US municipalities.

During Q4 2008, revenue for registration services and imaging services amounted to $1,040 and $2,482 respectively compared to $953 and $2,066 for the same period in 2007.

Energy

Growth in the Corporation's Energy sector is dependent on variations in industry drilling activity related to the price of natural gas.

The 12% growth in service and recurring revenue streams in the Energy business between the year ended 2008 and the year ended 2007, consisted of ScanGas based gas chart reading services (an increase of $121), the Corporation's webSCADA application NetFlow installations and subscriptions (an increase of $378) and the Corporation's fluid analysis management application ProTrend implementation and subscriptions (an increase of $501). Risk management services consulting revenue from the acquisition of the assets of Western Corrosion Technologies contributed the remaining $219.

In Q4 of 2008, revenue from the Corporation's webSCADA application, NetFlow, grew by $711 or 89% to $1,510 compared to $799 in Q4, 2007 as a result the acquisition of SCADANet and an increase in non-recurring revenue from the sale of third party measurement devices. Risk management services consulting revenue from the acquisition of the assets of Western Corrosion Technologies contributed $219 in Q4, 2008. The remaining growth of $113 was realized from growth in ProTrend services.

RESULTS OF OPERATIONS

Comparison of the three and twelve months ended December 31, 2008 and 2007

Cost of Revenue and Gross Margin

	Three months ended December 31,			Year ended December 31,		
	2008	**2007**	**Change**	**2008**	**2007**	**Change**
Cost of revenue:						
Government	$1,839	$1,778	3%	$7,670	$7,451	3%
Energy	1,378	966	43%	4,271	4,666	(8%)
	$3,217	$2,744	17%	$11,941	$12,117	(1%)
Gross margin: (1)						
Government	$1,683	$1,241	36%	6,531	5,070	29%
Energy	$2,137	$1,505	42%	7,513	5,898	27%
	$3,820	$2,746	39%	$14,044	$10,968	28%
Gross margin percentage: (1)						
Government	48%	41%	17%	46%	40%	15%
Energy	61%	61%	0%	64%	56%	14%
	54%	50%	8%	54%	48%	13%

(1) Gross margin, defined as revenue less cost of revenue is a non-GAAP measurement that management believes is a useful supplement measure of operations.

Government

The results of management's focus on taking advantage of economies of scale in the Corporation's Imaging Service Bureau and shifting focus to its core offerings has resulted in significantly improved gross margins both for the quarter and a year to date basis.

Cost of revenue for the Corporation's offering in the government sector increased by 3% on a yearly and quarterly basis. While the Cost of revenue for registration services declined by 6% due to reduced transaction volumes, it was offset by a 8% increase in imaging services due to the increased costs associated with a higher revenue base. The Gross Margin for the twelve months ended 2008 consisted of $1,765 from registration services that was affected by the general slow-down in the economic activity and $4,766 from the imaging services which was able to take advantage of the economies of scale gained from the increase in business within the group.

Energy

Cost of revenue for the Corporation's offering in the energy sector continued to drop for the year 2008 due to the Corporation's investment in technology which has reduced the dependence on manual labour. As a result, the cost of revenue for the Corporation's offering in the Energy Sector decreased by 8% for the year. This combined with revenue growth attributable to the recurring revenue from ProTrend and the acquisition of SCADANet and the assets of Western Corrosion Technologies improved the gross margin by 27% from $5,898 in 2007 to $7,513 in 2008.

RESULTS OF OPERATIONS

Comparison of the three and twelve months ended December 31, 2008 and 2007

Operating Expenses

	Government		Energy		Corporate & Other		Total	
For the Year Ended December 31,	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Selling & administrative expenses	3,190	2,542	2,690	2,508	2,434	2,278	8,314	7,328
Research and development expenses	-	-	665	908	-	-	665	908
Amortization of property & equipment	251	287	764	692	6	8	1,021	987
Amortization of customer contracts	212	212	358	315		-	570	527
Gain on sale of property and equipment	-	-	-	-	(55)	-	(55)	-
Interest, contract losses & other expenses	-	-	-	-	85	1,102	85	1,102
	3,653	3,041	4,477	4,423	2,470	3,388	10,600	10,852

Selling and Administrative Expenses

Selling and administrative expenses attributed to the Corporation's government sector climbed by 25% on a year to date basis compared to the same periods last year due primarily to the Corporation's expanded new office space and additional infrastructure in Edmonton related to its Imaging Service Bureau facility.

Selling and administrative expenses attributed to the Corporation's energy sector and the Corporate overhead climbed by 7% on a year to date basis compared to the same periods last year due primarily to increased salary cost to implement management's increased focus in cross selling its services amongst its existing client base and the Corporation's drive to better market and sell its products.

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 significantly 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. This activity moved out of a major development phase and into testing during the third and fourth quarters, reducing the requirement of extensive external resources resulting in a decline in research and development costs in 2008 compared to the previous year.

Interest and Other Expenses

Interest costs fell substantially, primarily due to the Corporation's success in retiring its debt with Wellington Financial and closing a traditional banking facility with Comerica Bank. Savings in interest were due to significantly reduced debt and lower borrowing costs.

RESULTS OF OPERATIONS

Comparison of the three and twelve months ended December 31, 2008 and 2007

Net Income

The Corporation's net income increased in the fourth quarter and on a year to date basis as the Corporation has been successful at increasing its revenue, taking advantage of economies of scale to maintain cost of revenue and containing operating expenses. As a result, net income for the three months ended December 31, 2008 was $1,202 higher than the same period in 2007. The Corporation's net income for the year ended December 31, 2008 was $3,327 higher than the income from continuing operations for the same period in 2007.

LIQUIDITY AND CAPITAL RESOURCES

The Corporation becoming profitable led to an increase in operating cash of 55% and improved working capital by 101% for the twelve months ended December 31, 2008.

Cash flow from operating activities increased for the three months and twelve months ended December 31, 2008 to $2,217 and $4,917 respectively from $843 and $3,659 for the corresponding periods in 2007. The increase was mainly attributable to an increase in income generated from both the government and energy sector businesses. Cash required to finance non-cash working capital items was $64, mainly due to the increase in accounts receivable from the revenue growth.

Cash flow used in financing activities included repayment of $650 of the Corporation's long-term debt and $823 of the operating line of credit. Additionally, pursuant to the normal course issuer bid and an amended normal course issuer bid, the Corporation purchased 9,383,500 shares, aggregating $1,378.

Investing activities consisted of $587 used by the Corporation for the purchase of capital assets, and acquisition activities amounted to $1,373. $200 that was placed in short term investment to secure the letters of credit issued for government contracts in 2007 was reversed.

The increase in working capital was a result of increased accounts receivable and cash on hand at December 31, 2008

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

	2009	2010 - 2011	2012 - 2013	Beyond 2013
Accounts payable and accrued liabilities	2,431	-	-	-
Long term debt	600	250	-	-
Commitments & contingencies	839	1,596	1,155	2,052
Total	3,870	1,846	1,155	2,052

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, profitability of the Corporation's operations, any of which may materially affect the Corporation's ability to meet its obligations.

Management's budget for capital expenditures for 2009, not inclusive of any amounts which may be used to fund potential acquisitions, is $600. At December 31, 2008, the Corporation had access to $3,000 of its operating facility to fund its ongoing working capital requirement for 2009. 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.

FINANCIAL INSTRUMENTS

Fair Value

As at December 31, 2008, the estimated fair values of cash, accounts receivable, operating line of credit, long term debt and accounts payable approximated their carrying values.

Credit and Concentration Risk

For the year ended December 31, 2008 the Corporation derived approximately 55% (2007 – 43%) of its total revenue from the Government of Alberta. As at December 31, 2008, 26% (2007 – 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 and 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 in 2008.

SUMMARY OF SHARE CAPITAL

On February 11, 2009 the Corporation consolidated the shares of the Company on a one (1) new share for three (3) old shares basis as approved by the Company’s shareholders on November 26, 2008, the results of which are reflected in the share capital information below.

On May 7, 2008 the Corporation received regulatory approval for a Normal Course Issuer Bid (“NCIB”) from the TSX Venture Exchange to purchase for cancellation, from time to time as the Corporation considered advisable, up to 2,218,035 common shares or 5% of the 44,360,705 shares outstanding. The NCIB was effective May 16, 2008 to May 15, 2009. The NCIB was completed on September 12, 2008.

Effective November 7, 2008, the Corporation received regulatory approval for an Amended Normal Course Issuer Bid (“Amended NCIB”) from the TSX Venture Exchange to purchase for cancellation, from time to time as the Corporation considers advisable, up to 3,128,067 common shares or 10% of the public float, which represented an additional 910,032 common shares of the Corporation. The expiry date of the Amended Bid was May 15, 2009 and was completed on December

During the period ended December 31, 2008, the Corporation purchased for cancellation 3,127,833 shares at an average cost per share of $0.45.

Common Shares

	Number	Amount
Balance, December 31, 2007	43,884,371	23,995
Issued on exercise of stock options	524,355	279
Issued on exercise of warrants	91,410	25
Shares repurchased and cancelled	(3,127,833)	(1,378)
Balance, December 31, 2008	41,372,303	22,921
Issued on exercise of warrants (2009)	481,716	39
Balance, February 23, 2009	41,854,019	22,960

Options

	Number	Weighted-average exercise price
Outstanding, December 31, 2007	831,100	0.36
Exercisable, December 31, 2007	763,764	0.36
Exercised	524,355	0.30
Cancelled	124,611	0.45
Outstanding, December 31, 2008	182,133	0.51
Exercisable, December 31, 2008	178,800	0.51
Cancelled (2009)	(1,133)	0.30
Outstanding, February 23, 2009	181,000	0.51
Exercisable, February 23, 2009	177,667	0.51

Deferred Shares

Deferred Annual Bonus & Share Purchase Plan Shares	Number	Amount
Outstanding, December 31, 2007	158,493	105
Issued in 2008	538,696	178
Outstanding December 31, 2008 and February 23, 2009	697,189	283

Warrants and Special Warrants

	Number	Weighted-average exercise price
Outstanding December 31, 2007	4,660,543	0.45
Cancelled	(217,683)	0.36
Exercised	(91,410)	0.36
Outstanding, December 31, 2008	4,351,450	0.45
Cancelled (2009)	(2,453,066)	0.36
Exercised (2009)	(481,716)	0.42
Outstanding, February 23, 2009	1,416,668	$0.45

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 DC&P described below. The material weakness identified below did not result in any adjustments to the Corporation's financial statements for the year ended December 31, 2008.

- 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 Company 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.

The Corporation has continued with the documentation over all significant financial reporting activities in fiscal 2008, and there have been continuous improvements but no material changes in the design of our disclosure control systems and internal controls over financial reporting during the year ended December 31, 2008. However, 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.

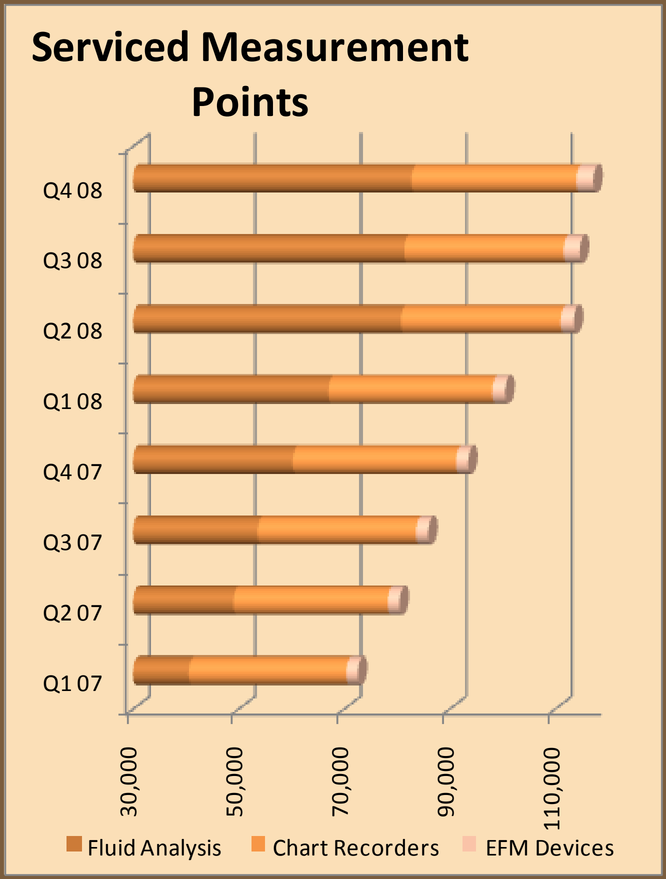
OUTLOOK & GUIDANCE

This Outlook and Guidance contains forward-looking statements that involve risks and uncertainties, such as statements of the Corporation's plans, objectives, strategies, expectations and intentions. Many factors could cause the Corporation's actual results to be materially different from any future results, including the price of natural gas and its affect on capital spending and operating budgets of the Corporation's client base, the economic environment and its affect on the Corporation's government clients' expenditure plans, and the adoption of the Corporation's technology by its energy client base (also see Business Risks and Risks Related to Industry). The Corporation does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by law.

The financial results of 2008 are the product of Management's restructuring efforts in 2007 combined with successful execution of strategic initiatives to enhance profitability. The current economic environment has significantly affected the Corporation's client base in both its Government and Energy divisions. Management believes that the full effect of the global financial crisis and economic slowdown on its client base is not yet fully apparent. Although spending has been curtailed and likely will remain so by both sets of client bases for at least the next 3 quarters, the magnitude of the cuts in spending and the affect on longer term spending initiatives remain uncertain.

Although the Corporation recorded strong revenue increases from the Corporation's energy division in the fourth quarter of 2008, Management expects exploration in the Western Canadian Sedimentary Basin to be significantly curtailed in 2009 and into 2010 due to weak commodity prices. Although the Corporation's recurring revenue is tied to gas production rather than exploration, a reduction in the number of gas wells drilled and completed in 2009 and 2010 will result in lower growth in the Corporation's business. In order to attain management's 2009 and 2010 growth objectives, management will need to succeed in creating or acquiring value added services to provide cost reduction or production optimization results for its energy client base.

A reduction of transactions in real estate and motor vehicles has resulted in a significant drop in the Corporation's registration services for provincial government ministries in the fourth quarter of 2008 and early 2009 and is expected to continue until the economy improves. Although this decrease has been offset by the Corporation's other services to its government and healthcare clients, the continuity of this additional work is dependent upon continued spending on capital projects by the Corporation's government clients. In the event the global economic downturn continues, additional spending by the Corporation's government clients may be curtailed and will jeopardize management's growth objectives.



Management's current opinion regarding the sustainability of its recurring revenue streams would suggest that the Corporation will be able to at least sustain its average profitability of $1,000 over the last three quarters of 2008 into the remainder of 2009. Notwithstanding the forgoing, the uncertainty related to the current economic environment may have further repercussions on the Corporation's client base which may materially affect management's outlook, in which case management's profitability targets will become dependent upon the Corporation's ability to 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”).

Effective January 1, 2008, the corporation has adopted the new accounting standards as issued by CICA, 1535 - Capital Disclosures, 3031- Inventories, 3862 – Financial Instruments – Disclosures, and 3863 Financial Instruments – Presentation. The adoption of these standards did not have a material impact on the consolidated financial statements.

The remainder of the Corporation’s accounting policies remains unchanged so far in 2008.

Future Accounting Policies

The CICA standard 3064 – Goodwill and Intangible Assets will be adopted effective January 1, 2009. The Corporation does not expect the adoption of this standard will have any material impact on its consolidated financial statements.

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. The Corporation has commenced planning its IFRS conversion project. The project team will consist of senior levels of management and regular reporting will be provided by the project team to senior management and the Audit Committee of the Board of Directors. External advisors will also be engaged to work with the Corporation’s dedicated project staff to complete the conversion.

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Hashu Remtulla	Vice President and Chief Financial Officer
Brenton Lawther	Chief Operating Officer
Willis Groshong	Executive Vice President Edmonton Region
Eric Olsen	Vice President Edmonton Operations
Andy Levstik	Vice President Product Development

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