

**Management Discussion and Analysis**  
**For the Three and Nine Months Ended November 30, 2013**  
**Neoteck Solutions Inc.**  
**Report Dated January 28, 2014**

**INTRODUCTION**

The following information, prepared as of January 28, 2014, should be read in conjunction with the unaudited condensed interim financial statements of Neoteck Solutions Inc. (the "Company" or "Neoteck") for the three and nine months ended November 30, 2013.

These statements have been prepared in conformity with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company's audited financial statements for the year ended February 28, 2013.

These condensed interim statements do not include all the information required for complete annual financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and therefore should be read together with the audited annual financial statements for the year ended February 28, 2013 and the related MD&A for the year then ended.

**CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS**

The following discussion and analysis may contain forward-looking statements which are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth in the following discussion

**GENERAL**

The Company was incorporated under the Company Act of British Columbia, and changed its name to Neoteck Solutions Inc. on September 10, 2012. Prior to the September 10, 2012 divestiture of its gas detection equipment and operations ("the divestiture"), its principal business activity was the development and sales of gas safety and loss control systems. Initially after the divestiture, Management entered into negotiations and conducted due diligence relating to the possible acquisition of a significant asset which it believed would improve the value of the Company. After six months these efforts were terminated once it became evident that no agreement could be reached with the potential seller. Since that time Management has been actively investigating other possible acquisitions of assets or companies which make good economic sense for the Company to pursue. The Company is listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol "NEO.H".

**RESULTS OF OPERATIONS**

*Nine months ended November 30, 2013*

The Company recorded a net loss of \$158,537 (\$0.00 per share) for the nine months ended November 30, 2013 as compared to a net loss of \$143,957 (\$0.01 per share) for the nine months ended November 30, 2012. Included in net loss for the nine months ended November 30, 2013 are \$14,027 of expenses relating to Goods and Services Input Tax Credits claimed in prior periods which were disallowed by the taxation authorities for the period subsequent to the

divestiture. These previously claimed credits were therefore expensed to the appropriate expense categories, in the current period. Sales for the nine months ended November 30, 2013 were \$nil, compared to sales of \$69,758 for the nine months ended November 30, 2012, due to the divestiture of the Company's gas detection equipment and operations.

Variances of note in administrative expenses for the nine months ended November 30, 2013 are detailed below:

- Accounting and audit of \$33,383 (2012 - \$28,965), consulting fees of \$49,284 (2012 - \$21,037), and legal fees of \$13,193 (2012 - \$58,298) were incurred due to the Company's efforts to find a viable project or acquisition target for the Company. Legal fees for the comparative 2012 period related to services required as the Company consolidated its share capital, sold its subsidiary, and settled its debts.
- Management fees of \$18,375 (2012 - \$29,463) were incurred as part of the above potential acquisition efforts. Management fees for the comparative 2012 period related primarily to operations prior to the divestiture of the gas detection equipment and operations.
- Rent of \$24,245 (2012 - \$1,500) increased because effective December 1, 2012, the Company moved its office to a new location.
- Amortization and depreciation of \$nil (2012 - \$3,029), customer support of \$nil (2012 - \$12,056), marketing fees of \$2,525 (2012 - \$13,682), office and miscellaneous of \$4,817 (2012 - \$8,107), and research and development of \$nil (2012 - \$2,079) were lower this fiscal period primarily due to the divestiture of the Company's gas detection equipment and operations.

#### *Three months ended November 30, 2013*

The Company recorded a net loss of \$54,566 (\$0.00 per share) for the three months ended November 30, 2013 as compared to a net loss of \$37,886 (\$0.00 per share) for the three months ended November 30, 2012. Similar to the explanation provided above for the nine month period comparison, the expensing of the \$14,027 in disallowed Goods and Services Input Tax Credits claimed in prior periods was included in the net loss for the three months ended November 30, 2013.

Other variances in administrative expenses reflected for the three months ended November 30, 2013 and 2012 are due to the reasons already outlined for the nine month period above.

## QUARTERLY FINANCIAL REVIEW

The following table sets forth selected financial information from the Company's unaudited quarterly financial statements for each of the eight most recently completed quarters. No cash dividends were declared in any of the reported periods.

	<b>THREE MONTHS ENDED</b>			
	<b>November 30, 2013</b>	<b>Aug 31, 2013</b>	<b>May 31, 2013</b>	<b>February 28, 2013</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Gross sales	Nil	Nil	Nil	Nil
Total assets	121,591	167,977	253,352	278,784
Working capital	104,976	159,542	219,846	263,513
Net loss	(54,566)	(60,304)	(43,667)	(42,312)
Net loss per share <sup>(1)</sup>	(0.00)	(0.00)	(0.00)	(0.00)

	<b>THREE MONTHS ENDED</b>			
	<b>November 30, 2012</b>	<b>Aug 31, 2012</b>	<b>May 31, 2012</b>	<b>February 29, 2012</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Gross sales	Nil	25,912	43,846	33,778
Total assets	340,101	34,423	41,671	39,328
Working capital (deficiency)	305,825	(1,138,440)	(1,046,019)	(1,034,358)
Net income (loss)	(37,886)	(94,662)	(11,409)	25,272
Net income (loss) per share <sup>(1)</sup>	(0.01)	(0.02)	(0.00)	0.00

<sup>(1)</sup>The basic and fully diluted calculations result in the same value due to the anti-dilutive effect of outstanding stock options and warrants for all quarters.

The amounts reflected for the quarters ended August 31, 2012 and prior are comparable. During the quarter ended November 30, 2012, the Company completed a private placement for gross proceeds of \$1,500,000, repaid its debts, and shifted its focus away from the gas detection equipment operations. Accordingly from that point in time the quarters reflect only administrative expenses. The net income reflected in the February 29, 2012 quarter was primarily a result of the recovery of sales prepayment related to a forfeited deposit on an order that was cancelled in 2009.

### FINANCING ACTIVITIES

There were no financing activities in the nine months ended November 30, 2013.

### LIQUIDITY

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain a flexible capital structure that optimizes the costs of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

To maintain or adjust capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Company is dependent on the capital markets as its primary source of operating working capital and the Company's capital resources are largely determined by its ability to compete for investor support of its projects.

The Company is not subject to any capital requirements imposed by a regulator.

As at November 30, 2013 the Company held cash of \$109,404 (February 28, 2013 – \$263,001) and working capital of \$104,976 (February 28, 2013 – \$263,513). During the nine months ended November 30, 2013, net cash used in operating activities was \$153,597. Management intends to finance the operating costs over the next twelve months with current working capital. However, it is likely that the Company will be required to complete additional financings once the direction of future operations is determined. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the future.

### **CAPITAL EXPENDITURES**

The Company did not incur any significant capital expenditures for the nine months ended November 30, 2013 and does not currently have any capital expenditure commitments.

### **RELATED PARTY TRANSACTIONS**

The Company's related parties consist of the Company's directors, officers and companies associated with them including the following:

- Stellar J Enterprises Corp., a company owned by Juraj Krajci, the Company's former President and director
- Malaspina Consultants Inc., a company owned by Robert McMorran, a director, and in which Sharon Muzzin, the Chief Financial Officer, is an associate.

The following expenditures were charged by related parties for the three and nine months ended November 30, 2013 and 2012:

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>November 30,</b>		<b>November 30,</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Accounting and administrative support <sup>(1)</sup>	3,772	6,515	20,575	6,515
Cost of sales <sup>(2)</sup>	-	-	-	6,046
Legal fees <sup>(1)</sup>	924	-	1,178	-
Management fees <sup>(3)</sup>	2,625	5,000	18,375	29,463
Marketing, research and development <sup>(4)</sup>	-	-	-	18,000
Rent <sup>(5)</sup>	-	-	-	1,500
	<b>7,321</b>	<b>11,515</b>	<b>40,128</b>	<b>61,524</b>

<sup>(1)</sup> The charges include accounting and corporate secretarial fees paid to Malaspina Consultants Inc.

<sup>(2)</sup> The charge includes cost of sales purchased from Stellar J Enterprises Corp.

<sup>(3)</sup> The charges include management fees paid to Gunther Roehlig, President and CEO, and Juraj Krajci, the former President.

<sup>(4)</sup> The charge for 2012 includes marketing, research and development fees paid to William J. McDonald, a former director.

<sup>(5)</sup> The charge for 2012 includes rent expense paid to Stellar J Enterprises Corp.

Accounts payable and accrued liabilities at November 30, 2013 includes \$508 (February 28, 2013 – \$nil) due to Malaspina Consultants Inc. for accounting services. Related party transactions are conducted in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

Key management of the Company includes the President, CFO and the Directors. Other than the amounts disclosed above, there were no other transactions with related parties or other compensation paid or payable to key management for employee services for the reported periods.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has not entered into any off-balance sheet arrangements.

#### **CAPITALIZATION**

The authorized share capital consists of an unlimited number of common shares. As of January 28, 2014, an aggregate of 38,060,966 common shares were issued and outstanding. The Company did not have any share purchase warrants or options outstanding as of January 28, 2014.

#### **FUTURE OUTLOOK**

In the short term Management will continue its efforts to identify the Company's future business focus.

#### **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The Company's financial statements are impacted by the accounting policies used, and the estimates and assumptions made, by management during their preparation.

Management considers the area currently requiring a significant degree of estimation and assumption to relate to the going concern assumption which is more fully described in the condensed interim financial statements for the current quarter ended November 30, 2013.

#### **FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash, and accounts payable and accrued liabilities. The Company's cash is held through a major Canadian chartered bank. Cash is designated as at fair value through profit or loss, which is measured at fair value. Accounts payable and accrued liabilities are measured at their amortized cost, which approximates their fair value due to their short-term nature.

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they come due. The Company's approach to managing liquidity is to ensure, as best as possible, that it will have sufficient cash to meet its liabilities when due, under both normal and stressed conditions. Existing working capital will be utilized to cover operating costs over the next twelve months.

Management believes that as at January 28, 2014, it is not exposed to significant credit, interest, or currency risks arising from these financial instruments.

#### **DISCLOSURE CONTROLS AND PROCEDURES**

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information

contained in the unaudited condensed interim financial statements for the three and nine months ended November 30, 2013 and this accompanying MD&A.

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **RISKS AND UNCERTAINTIES**

The Company is currently subject to financial and regulatory risks. The financial risk is derived from the uncertainty pertaining to the Company's ability to raise capital to continue operations. Regulatory risks include the possible delays in getting regulatory approval for the transactions that the Board of Directors believe to be in the best interest of the Company, and include increased fees for filings and the introduction of ever more complex reporting requirements, the cost of which the Company must meet in order to maintain its exchange listing.

#### **OTHER INFORMATION**

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).