Atlas Engineered Products Ltd.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED AUGUST 31, 2018

ATLAS

ENGINEERED PRODUCTS LTD.

The following discussion of Atlas Engineered Products Ltd.'s (the "Company" or "Atlas") financial condition and results should be read in conjunction with the unaudited consolidated financial statements for the three months ended August 31, 2018 and 2017.

The referenced unaudited consolidated quarterly financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and related IFRS Interpretations Committee ("IFRICs") as issued by the International Accounting Standards Board ("IASB"). All amounts included in this MD&A are expressed in Canadian dollars unless otherwise indicated.

Atlas's board of directors, on the recommendation of the audit committee, approved the content of this MD&A on October 17, 2018.

FORWARD-LOOKING INFORMATION

This document contains statements that constitute "forward-looking statements" within the meaning of National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators. It is important to note that, unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations up to the date of the MD&A.

Forward-looking statements often, but not always, are identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "targeting" and "intend" and statements that an event or result "may", "will", "should", "could", or "might" occur or be achieved and other similar expressions. Forward-looking statements in this MD&A include statements regarding the Company's future plans and expenditures, the satisfaction of rights and performance of obligations under agreements to which the Company is a part, the ability of the Company to hire and retain employees and consultants and estimated administrative assessment and other expenses. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause the actual results to differ include market prices, continued availability of capital and financing, inability to obtain required regulatory approvals and general market conditions. These statements are based on a number of assumptions, including assumptions regarding general market conditions, the timing and receipt of regulatory approvals, the ability of the Company and other relevant parties to satisfy regulatory requirements, the availability of financing for proposed transactions and programs on reasonable terms acceptable to the Company and the ability of third-party service providers to deliver services in a timely manner. Some of these risks and uncertainties are identified under the heading "RISKS AND UNCERTAINTIES" as disclosed elsewhere in this MD&A. Additional information regarding these factors and other important factors that could cause results to differ materially may be referred to as part of particular forward-looking statements.

Forward-looking statements in this MD&A also include future-oriented financial information and financial outlook information ("FOFI") regarding the Company and its prospective results of operations, cash flows and components thereof. The FOFI contained in this MD&A is subject to the same assumptions, risk factors, limitations and qualifications set forth in this MD&A relating to other forward-looking statements. The FOFI contained in this MD&A is provided for the purpose of providing information regarding management's assessment of the Company's anticipated business operations and may not be appropriate for other purposes.

Forward-looking statements, including FOFI, contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise except as required by securities law. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

NON-IFRS / NON-GAAP FINANCIAL MEASURES

Certain measures in this MD&A do not have any standardized meaning under IFRS and, therefore are considered non-IFRS or non-GAAP measures (collectively, “non-IFRS measures”). These non-IFRS measures are used by management to facilitate the analysis and comparison of period-to-period operating results for the Company and to assess whether the Company’s operations are generating sufficient operating cash flow to fund working capital needs and to fund capital expenditures. As these non-IFRS measures do not have any standardized meaning under IFRS, these measures may not be comparable to similar measures presented by other issuers. The non-IFRS measures used in this MD&A include “EBITDA”, “EBITDA Margin”, “adjusted EBITDA”, “adjusted EBITDA per share” and “adjusted EBITDA Margin”. “EBITDA” is calculated as revenue less operating expenses before interest expense, interest income, amortization and depletion, impairment charges, and income taxes. “EBITDA Margin” is EBITDA expressed as a percentage of revenues. “Adjusted EBITDA” is EBITDA after adjusting for share-based payments, foreign exchange gains or losses and non-recurring items. “Adjusted EBITDA per share” is Adjusted EBITDA divided by the weighted average number of shares outstanding for the relevant period. “Adjusted EBITDA Margin” is Adjusted EBITDA expressed as a percentage of revenues. Further information regarding these measures can be found in the “Non-IFRS Measures” section of this MD&A.

COMPANY OVERVIEW

Atlas Engineered Products Ltd. (formerly Archer Petroleum Corp.) was incorporated pursuant to the provisions of the *Business Corporations Act* (British Columbia) on January 18, 1999. The Company's corporate office is located at 6551 Aulds Road, Unit 102, Nanaimo, British Columbia V9T 6K2. The Company has grown to become one of Vancouver Island’s largest providers of trusses and engineered wood products. In addition, the Company has expanded its footprint through strategic acquisitions in the Ontario market.

The Company engineers, manufactures and sells roof and floor trusses, and distributes I-joists and engineered beams for use by builders of residential and commercial wood framed buildings. These include single family homes, townhouses, multi-story wood-framed residential and commercial buildings, and agricultural structures. Most recently, the Company has expanded its operations to include a windows and doors division.

The Company’s business plan is focused on continued sales and growth within its current markets, as well as the pursuit of a roll-up strategy to consolidate similar companies operating in the truss industry across Canada. The Company intends to diversify its product mix to include prefabricated walls and floors. The Company’s goals include supplying construction industry clients throughout Canada with all the components they may require for their construction projects, from design through to lockup.

Each of the Company’s locations employs highly skilled design and production teams who expertly specify the structural members required to ensure their manufactured-to-order components are completed with the greatest quality, structural integrity and cost-effectiveness. With the help of computer-controlled saws and automated production lines, manufacturing personnel build trusses and customize engineered beams to meet the specific requirements of each construction project they supply. Once manufactured, the Company’s products are delivered on a just-in-time basis to customer building sites.

OVERALL STRATEGY

The Company’s business plan is focused on continued sales and profit growth within its current markets, as well as the pursuit of a roll-up acquisition strategy to consolidate similar companies operating in the truss and engineered wood products industry across Canada.

The Company estimates the size of Canada’s truss and engineered wood products industry to be over $2.5 billion annually when the supply of prefabricated floor and wall components is included. The industry is very fragmented and populated by over 300 small and medium-sized owner managed and operated businesses with revenues in the range of $3-5 million per year.

Within its current operating model, the Company has established distinct and very solid competitive advantages within the geographic areas it serves, including:

- accumulated design and manufacturing know-how and deep operational expertise;
- proven design and manufacturing capabilities;
- strong market recognition and unparalleled loyalty with clients;
- scalability of operations; and
- operational practices and methods that are replicable.

The strong performance of the Atlas Truss plant operation in Nanaimo has enabled it to serve as a benchmark for excellent operational and financial performance, advancing the Company's acumen for evaluating its peers in the truss and engineered wood products sector.

The Company believes that the owners of many Canadian truss companies will be seeking to sell their businesses over the next several years. The Company's acquisition program has been designed to provide an exit strategy for these owner managers and integrate target companies in a manner that strategically increases the Company's share of the Canadian market, while positioning the acquired entities for significant continued growth.

The Company's main strategy is to focus on acquiring smaller companies primarily located in three operating regions: Pacific, Prairies and Ontario. These regions have the most buoyant residential construction markets, and the largest number of truss plants. That said, the Company intends to remain opportunistic should other strategically valuable options present themselves.

Due to truss size, quality, and shipping constraints, there is a maximum geographical radius within which it is logistically feasible to transport trusses. Most metropolitan areas have several truss plants who compete aggressively on price and consequently struggle to achieve consistently high profit margins. Outside large metropolitan areas, truss production facilities generally serve wide geographical areas in which there are limited competitors, very loyal customers, and significantly higher margins than those enjoyed by their counterparts in more crowded markets. Through strategic market consolidation the Company will be able to acquire significant market share in key geographies, leverage additional revenue and profit from the acquired entities through business improvement opportunities and cost savings available at scale, and drive growth by diversifying their product mix to include pre-fabricated floor and wall panels where they are not currently offered.

To pursue its business strategy, the Company's specific objectives are to:

1. Acquire revenue and profit accretive businesses that strategically expand the Company's geographic footprint.
2. Lower operating costs by introducing scale economies in procurement and leveraging the strategic deployment of expensive design, engineering and transportation resources for the benefit of all operating locations.
3. Drive revenue growth within all operating markets by developing and enhancing the Company's sales teams and processes.
4. Broaden the product offerings available within each of the Company's operating markets. (While most acquisition targets the Company is evaluating supply trusses, I-joists and engineered beams, only a few supply engineered floor trusses and floor and wall panel systems and other components.)

The Company's revenue objective at December 31, 2018 is to have reached an annualized revenue run rate of $50 million with a 15% EBITDA Margin. On a pro-forma basis, management believes that the acquisition targets the Company presently has under consideration should enable those targets to be achievable.

INTEGRATION STRATEGY

As of August 31, 2018, the Company had completed the Satellite transaction. Since then, the Coastal Windows transaction has been completed and the Tandelle-Pacer transaction has been announced. Over the last several months significant work has been carried out by the Company to pursue the implementation of its strategic plan. Each of these transactions is discussed in further detail in the Significant Events section of this document.

Corporate Organization

In light of the Company's growth in the Ontario market and the potential acquisition of Tandelle-Pacer, the Company believes that a corporate structure characterized by 'regional hubs' supported by a 'small head office' organization will provide the most effective means of properly managing a geographically diverse operation. Consequently, the head office team has been structured to provide corporate support to regional management teams in the areas of Corporate Strategy, Human Resources, Finance, Mergers & Acquisitions ("M&A"), Integration, and IT Infrastructure. Upon completion of the planned Tandelle-Pacer acquisition, the Company intends to locate regional management teams on Vancouver Island (West) and in Ontario (East) that will oversee regional sales and operations functions.

M&A and Integration Approach

Recognizing that acquisition integration is key to the success of any M&A effort, the Company has formed a dedicated M&A and Integration team. This team is comprised of individuals having specific technical skills and proven expertise in project management, business process improvements, as well as truss and component manufacturing. The team has created a comprehensive M&A and Integration 'playbook' that incorporates best practice approaches in the areas of target selection and strategic 'fit' assessment. This process includes valuation, due diligence, and integration planning and execution. This team is also equipped to identify and support the implementation of business process improvements and operational efficiencies in all facets of the business.

Infrastructure Development Initiatives

To support its local, regional and national operations, the Company has identified a number of strategic initiatives to be completed over the next several months, including:

- A Company-wide branding and corporate communications effort aimed at unifying messaging to industry and clients, investors, employees, and the communities in which the Company operates.
- The selection and deployment of cloud-based enterprise resource planning and human capital management solutions.
- Health and safety, quality, and benefit program reviews at each acquired entity in order to raise the standards at which the Company operates to the appropriate level.
- Operational and capital equipment reviews to support any equipment re-deployment and upgrade initiatives that may be beneficial to individual plants.

SIGNIFICANT EVENTS

- August 1, 2018, completed the acquisition of Satellite Truss Ltd. of Merrickville, Ontario
- August 14, 2018, announced the entry into a definitive agreement for the acquisition of Tandelle-Pacer of Ilderton, Ontario
- August 14, 2018, announced a non-brokered private placement financing for up to $5,000,000
- October 1, 2018, completed the acquisition of Coastal Windows Ltd. of Nanaimo, BC

Alberta Truebeam equipment and inventory

The Company has concluded that the Northern Alberta market for the Company's products is extremely weak and has chosen to redeploy the assets acquired from Truebeam to the Clinton and Satellite plants. This decision will drive more margin than the Company expects to be possible from the Truebeam operation for the foreseeable future. The economy in Alberta was not supporting the operations of this location and it was deemed best by management to relocate the assets to other manufacturing locations where the assets can be better utilized for increased sales and profits.

From late August to the end of September the equipment at the Truebeam site in Alberta was disassembled and, along with inventory, transported to other manufacturing locations within the Company.

Acquisition of Satellite Truss Ltd.

On August 1, 2018, the Company completed the acquisition of Satellite Truss Ltd. of Merrickville, Ontario. The Company acquired all of the issued and outstanding shares of Satellite for $1,291,844 in cash which included $91,844 of surplus working capital. While initially the Company funded this acquisitions from its reserves, a significant portion of the cash used to complete the transaction will be replenished by a mortgage and equipment term loan advanced by a major Canadian chartered bank.

Acquisition of Coastal Windows Ltd.

On October 1, 2018, the Company completed the acquisition of the Coastal Windows Ltd. (“Coastal”) (BC Incorp. No. 1119866) whereby the Company acquired all of the issued and outstanding shares of Coastal for $650,000 consisting of $250,000 in cash and $400,000 in Atlas common shares.

Proposed Acquisition of Tandelle-Pacer

On August 13, 2018, the Company entered into a definitive agreement to purchase all of the issued and outstanding shares of Tandelle Specialty Inc. and Pacer Building Components Inc. (“Tandelle-Pacer”) of Ilderton, Ontario for $8.6 million on closing, based on Tandelle-Pacer having a targeted net working capital of $2,280,938 on closing. Subject to adjustments based on Tandelle-Pacer’s actual net working capital at closing, the purchase price is expected to consist of $500,000 in Atlas common shares, and $8.1 million in cash. Closing of the acquisition is expected to occur on or before October 31, 2018. Closing of the proposed acquisition of Tandelle-Pacer is subject to standard closing conditions, including the satisfactory completion of the Company’s due diligence investigations and approval of the acquisition by the TSX Venture Exchange

Update on Selkirk Letter of Intent

On November 16, 2017 the Company entered into a Letter of Intent to acquire Selkirk Truss (2010) Ltd. (“Selkirk”) of Castlegar, BC. The transaction is subject to the completion of satisfactory due diligence. Negotiations continue to be underway with Selkirk.

FINANCIAL HIGHLIGHTS

The Company’s quarterly results for the three month period ended August 31, 2018 include results from the Atlas operation on Vancouver Island, results from Clinton operation and one month of results from the Satellite operation.

Summary of Financial Results

Overall revenue for the three months ended August 31, 2018 was $5,083,058, up from $2,739,058 for the previous year, representing an overall growth in revenue from the prior year of 86%. Revenue for the three months ended August 31, 2018 from the Company's core business in Nanaimo, BC was $3,193,241, representing year-over-year organic growth of 17% from the three months ended August 31, 2017. Revenue from the Clinton acquisition for the three months ended August 31, 2018 was $1,614,003 (2017 – $1,105,234 held by previous owners during the three months June through August), representing year-over-year organic growth of 46.0%. The balance of revenues during the three months were provided by the Truebeam and Satellite plants. Revenue, cost of sales, and gross profit have increased due to higher product demand and the addition of acquired producing plants. Gross profit has remained relatively constant over the last two year period.

Adjusted EBITDA for the three months ended August 31, 2018 was $399,535, representing a 8% Adjusted EBITA Margin, compared with $580,617 Adjusted EBITDA and 21% Adjusted EBITA Margin for the three months period ended August 31, 2017 (See "Non-IFRS Financial Measures").

A significant portion of the increased G&A costs from the prior year fiscal period were the result of investments in IT implementation, management, legal and accounting, real estate and equipment appraisal, and valuation services in connection with the Company's acquisition and integration activities.

Selected Financial Results for Three Months Ended August 31			
	2018	**2017**	**2016**
Revenue from the Business	$3,193,241	$2,739,058	$1,960,390
Revenue from New Acquisitions	$1,889,817	-	-
Total Revenue	$5,083,058	$2,739,058	$1,960,390
Cost of Sales	$3,703,033	$1,999,026	$1,372,767
Gross Profit	$1,380,025	$740,032	$587,623
Gross Margin %	27.1%	27.0%	30.0%
Operating Expenses	$1,388,075	$255,179	$148,210
Operating Income	($8,050)	$484,853	$439,413
Net loss after adjustments and taxes	($56,411)	$332,782	$393,301
Adjusted EBITDA	$399,535	$580,617	$499,652
Adjusted EBITDA Margin % of Sales	8%	21%	26%
Weighted Average Number of Shares	31,110,731	n/a	n/a
Revenue per Share	$0.16	n/a	n/a
Adjusted EBITDA per Share	$0.01	n/a	n/a
Loss per share, basic and fully diluted ($ per share)	($0.00)	n/a	n/a

	August 31, 2018	May 31, 2018	May 31, 2017
Total Assets	$10,537,838	$9,208,284	$3,658.553
Total Non-Current Liabilities	$1,135,509	$1,274,300	$1,497,908
Dividends *	-	$576.483	-

*Declared prior to completion of the Archer Transaction

Summary of Quarterly Financial Results

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.

Revenue for the quarter ended August 31, 2018 was $5,083,058, which is 85.6% higher than for the same quarter in the previous fiscal year. Revenue achieved during the quarter ended August 31, 2018 recognizes one month of revenues from the Satellite acquisition.

	Three Months Ended			
	31-Aug-18	31-May-18	28-Feb-18	30-Nov-17
Revenues	$ 5,083,058	$ 3,987,449	$ 2,079,046	$ 2,791,623
Net (loss) income (3)	(56,411)	(485,317)	(295,757)	(4,506,473)
Net (loss) income per share (basic and diluted) (1)	-	(0.02)	(0.01)	(0.55)

	Three Months Ended			
	31-Aug-17	31-May-17	28-Feb-17	30-Nov-16
Revenues	$ 2,739,058	$ 2,062,762	$ 1,757,922	$ 2,294,954
Net (loss) income (2)	332,782	(1,541,291)	140,215	368,732
Net (loss) income per share (basic and diluted)(1)	309.00	(1,526.00)	139.00	65.00

(1) The basic and diluted income per share calculations result in the same amount due to there not being any outstanding instruments that would be anti-dilutive.

(2) The net loss for the three months ended May 31, 2017 resulted from a write-down of $1,755,671 due from related party amount.

(3) The net loss for the three months ended November 30, 2017 resulted from the listing expense of $4,832,341 resulting from the RTO transaction.

RESULTS OF OPERATIONS

Three months ended August 31, 2018

Revenues for the three months ended August 31, 2018 were $5,083,058 as compared to revenue of $2,739,058 for the three months ended August 31, 2017, which represents an 86% increase in revenues. The increase in revenue consists of $454,183 for a 16% growth in revenue from the Atlas plant in Nanaimo, and $1,889,817 which was primarily the result of the Company's acquisition of the Clinton operation as well as the Satellite acquisition on August 1, 2108. A small contribution to revenue came from the Company's acquisitions in Alberta.

Cost of sales for the three months ended August 31, 2018 was $3,703,037 compared to $1,999,026 for the three months ended August 31, 2017. Gross margins remained stable at 27.1%.

The Company recorded a net loss of $56,411 ($0.00 per share) for the three months ended August 31, 2018 as compared to net income of $332,782 ($309 per share) for the three months ended August 31, 2017. The loss for the three months ended August 31, 2018 was largely the result of additional management costs related to strengthening the Company's management team as well as the company's acquisition and integration activities.

The difference in operating expenses for the three months ended August 31, 2018 and 2017 is mainly due to the following:

Administrative and office $145,066 (2017 – $24,948). Administrative and office expenses have increased due to the increase in the number of operational plants and the establishment of a corporate office.

Depreciation $77,051 (2017 – $36,305). Depreciation increased over the three months ended May 31, 2018 as compared to the three months ended May 31, 2017. This is due to the buildings and equipment acquired in connection with the Ontario and Alberta acquisitions. Note that during the three months ended August 31, 2018, $120,557 in additional depreciation was included in cost of sales (2017 – $59,459).

Management fees $338,065 (2017 – $nil). Management fees increased due to the addition of executive leadership positions including a CFO, President and Vice President of the Company. A significant portion of the management fees paid were for time spent in relation to the Company's acquisition and integration activities.

Professional fees $387,889 (2017 – $117,507). Professional fees increased due to the Company receiving legal assistance for general corporate matters, equity private placements activity, and incurring accounting fees resulting from the Company's yearend audit and increased activity. A significant portion of the professional fees paid was for services rendered in relation to the Company's acquisition activities and included valuation and appraisal fees.

Salaries and benefits $102,202 (2017 – $40,766). Salaries and benefits increased with the increased level of corporate activity.

Share-based payments $209,977 (2017 – $nil). The share-based expense is the costs associated with granting options. No options were granted for the three months ended August 31, 2018 and 2017.

Travel $79,516 (2017 – $nil). Travel costs have increased in connection with due diligence and integration activities related to the Company's aggressive acquisition program. Travel cost were also incurred to support investor relations activities associated with the recently completed private placement.

Non-IFRS Financial Measures - EBITDA and Adjusted EBITDA

EBITDA is a non-IFRS measure that provides an indication of whether the Company's operations are generating sufficient operating cash flow to fund working capital needs and to fund capital expenditures. EBITDA comprises revenue less operating expenses before interest expense, interest income, amortization and depletion, impairment charges, and income taxes.

Adjusted EBITDA is a non-IFRS measure in which standard EBITDA (earnings before interest expense, interest income, taxes, depreciation, and impairment charges) is adjusted for share-based payments expense, foreign exchange gains or losses, and non-recurring items. Foreign exchange gains or losses may consist of both realized and unrealized losses. Under IFRS, entities must reflect in compensation expense the cost of share-based payments. In the Company's circumstances, share-based payments can involve a significant accrual of amounts that will not be settled in cash but are settled by the issuance of shares in exchange. The Company discloses adjusted EBITDA to aid in understanding of the results of the Company and is meant to provide further information about the Company's financial results to investors.

Adjusted EBITDA Margin is adjusted EBITDA expressed as a percentage of revenues.

EBITDA and Adjusted EBITDA Calculation for Three Months Ended August 31		
	2018	2017
Net Income (loss) for the Year as Reported	**($56,411)**	**$332,782**
Interest Earned	($10,348)	($636)
Interest Expense	$46,262	$5,002
Income Tax Expense	($19,820)	$125,586
Accretion Expense	$5,154	$1,505
Finance Charge on Leases	$26,258	$20,614
Depreciation	$197,608	$95,764
EBITDA	**$188,703**	**$580,617**
(Gain) Loss on Disposal of Equipment	($8,823)	-
Foreign Exchange	$9,678	$0
One Time Write-Off of Due from Related Party	-	-
Share-Based Payments	$209,977	-
Adjusted EBITDA	**$399,535**	**$580,617**
Revenue	$5,083,058	$2,739,058
Adjusted EBITDA Margin	7.9%	21.2%

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Related party transactions

The Company's related parties consist of the Company's directors and officers, and any companies associated with them. Key management personnel include directors and executive officers of the Company. Other than the amounts disclosed above, there was no other compensation paid or payable to key management personnel for employee services for the reported periods.

The Company incurred the following charges during the three months ended May 31, 2018 and 2017:

Service or item	Three months ended August 31	
	2018	2017
	$	$
Salaries and benefits[1]	50,000	27,692
Management fees[2]	109,000	-
Cost of Sales[3]	-	68,872
Finance charges of leases[4]	9,570	12,894
Share-based compensation[5]	162,645	-

[1] These charges include amount paid to Gurmit Dhaliwal, a former owner up to the date of the Archer Transaction.
[2] These charges include amounts paid to the CEO, President, and CFO for management fees.
[3] These charges include amounts paid to the old Coastal Windows Ltd. ("Coastal"), that was the shell company, a company of which Hadi Abassi is a Director and shareholder, and amounts paid to Sterling Mitchell, a former owner up to the date of the Archer Transaction.
[4] These charges include the finance charge on the building lease paid to 1053567 BC Ltd of which Hadi Abassi is a 50% owner.
[5] These charges include the expense of vested options issued to directors and officers.

Due to/from related parties

Amounts due to/from related parties are detailed as follows:

	31-Aug-18	31-May-18
	$	$
Due from related parties		
Coastal Windows Ltd. (formally 1119866 BC Ltd.)	-	23,797
Total due from related parties	0	23,797
Due to related parties		
Accounts payable	-	(1,040)
Exchangeable note – liability portion	-	(49,134)
Lease obligation	(592,277)	(648,706)
Total due to related parties	(592,277)	(698,880)

Note: 1119866 BC Ltd. was renamed Coastal Windows Ltd. after the amalgamation of Atlas and Old Coastal.

LIQUIDITY AND CAPITAL RESOURCES

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern. In the management of capital, the Company includes its components of shareholders' equity.

The Company maintains and adjusts its capital structure based on changes in economic conditions and the Company's planned requirements. The Company may adjust its capital structure by issuing new equity, issuing new debt, or acquiring or disposing of assets, and controlling its expenses. The Company is not subject to externally imposed capital requirements.

The Company is not subject to any capital requirements imposed by a regulator, other than continued listing requirements.

Working Capital

Working capital is a non-IFRS measure calculated by subtracting current liabilities from current assets. Management uses working capital as a measure for assessing overall liquidity. The Company has a working capital deficit of $7,847 as of August 31, 2018 compared to working capital of $370,448 as of May 31, 2018. The reduction is the result of using current cash to fund the Satellite acquisition along with an operating line of credit.

As at August 31, 2018 the Company held cash of $590,768 (August 31, 2017 – cash $867,384). During the three months ended August 31, 2018, net cash provided in operating activities was $219,055 (2017 – cash provided of $73,032).

Current Assets increased by $632,574 to $5,238,547 at August 31, 2017 up from $4,605,973 as at May 31, 2018 which comprises mostly of accounts receivable. Cash was down due to the closing of the purchase of Satellite Truss.

Current Liabilities increased by $1010,879 to $5,246,404 from $4,235,535. This is primarily due to the use of an operating line of credit which was $815,000. The trade accounts payable $473,755 offset by the conversion of the convertible debt of $297,500.

Cash used in investing activities for the three months ended August 31, 2018 was $1,043,228 (2017 – $17,416). The cash provided by financing activities relates to the proceeds received for the operating line of credit offset by the repayment of leases and the term loan. Cash provided by financing activities was $547,597 (2017 – $266,260).

Available Credit Facilities

The Corporation currently has a credit facility with the Royal Bank of Canada which includes an revolving demand loan, credit cards, and equipment leasing. In addition, the Corporation has equipment and building leases.

As part of the credit facility, the Corporation is subject to two financial covenants. The Corporation must maintain a debt service coverage of not less than 1.25:1 to be measured annually and maintain a current ratio of current assets to current liabilities of not less than 1.4:1 to be measured quarterly.

The Corporation is not in compliance with the current ratio and is currently working the lender for a forbearance. In October,the Corporation has successfully completed converting the variable rate loans that possessed a maturity date with one year to fix rate loans with a maturity date of five years. This would bring the banking covenants into compliance.

Operating Line of Credit

The Corporation during the three months ended August 31, 2108 entered into a $1,000,000 revolving demand loan. The demand loan bears interest of Royal Bank prime plus 1.75%. As at August 31, 2018, $815,000 has been used compared to $0 as at May 31, 2018 as the demand loan was not in existence.

Commitments

The following table shows as at August 31, 2018, the Company's contractual obligations with the period indicated:

Contractual Obligation	Interest Rate	Installment	Total
RBC #3	4.60%	$ 13,261.81	$ 525,284
Berk's Financial	9.10%	$ 4,879.26	$ 160,255
Berk's Financial	8.00%	$ 2,021.14	$ 43,232
De Lage Landen	4.60%	$ 1,354.46	$ 62,066
1053567 BC Ltd	6.20%	$ 22,000.00	$ 592,277
AB Truebeam Ltd	5.95%	$ 11,500.00	$ 320,464
			$ 1,703,578
Due within 1 year			$ 660,200
Due with 2 - 3 years			$ 1,078,043
Due with 4 - 5 years			$ 112,043
			$ 1,850,286
Less Interest			
Included within 1 year			$ 83,657
Included with 2 - 3 years			$ 61,516
Included with 4 - 5 years			$ 1,535
			$ 146,708
			$ 1,703,578

CAPITAL EXPENDITURES

During the three months ended August 31, 2018, the Company used cash to acquire property, plant and equipment of $3,690 (2017 - $17,416).

FINANCIAL INSTRUMENTS

Fair value of financial instruments

As at August 31, 2018, the Company believes that the carrying values of cash, trade accounts receivable, due from related party, accounts payable and accrued liabilities, customer deposits, term debt, preferred share liabilities, and the liability portion of the exchangeable notes approximate their fair values because of their nature and/or relatively short maturity dates or durations.

Classification of financial instruments

The Company's financial instruments consist of cash, trade accounts receivable, due from related parties, accounts payable, accrued liabilities, customer deposits, operating line of credit and term debt. The Company classified and measured its cash, trade accounts receivable, and due from related party as subsequently measured at amortized cost. The accounts payable and accrued liabilities, customer deposits, term debt, preferred share liabilities. are measured at amortized cost.

Financial and capital risk management

The Company thoroughly examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include interest rate risk, credit risk, and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors.

ADOPTION OF ACCOUNTING STANDARDS

There are no new standards to be adopted by the Company.

CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies with the most significant effect on the amounts recognized in the Company's financial statements are as follows:

Going concern

In preparing the consolidated financial statements on a going concern basis, Management's critical judgment is that the Company will be able to meet its obligations and continue its operations for the next twelve months.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of consolidated financial statements in conformity with IFRS as issued by the IASB requires management to make estimates and judgements that affect the amount reported in the consolidated financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are subject to measurement uncertainty. Actual results may differ from these estimates.

SECURITIES OUTSTANDING

As at October 17, 2018, the Company's outstanding share information is as follows:

Security	Number	Exercise price	Expiry date
Issued and outstanding common shares	32,251,710	N/A	N/A
Stock options	100,000	$0.44	24-Sep-23
Stock options	1,577,500	$0.49	08-Nov-22
Stock options	450,000	$0.60	05-Feb-23
Stock options	302,500	$0.53	21-Feb-23
Stock options	100,000	$0.55	18-Apr-23
Stock options	500,000	$0.65	18-Apr-23
Total Options	3,030,000		

DISCLOSURE OF 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 consolidated financial statements for the three months ended August 31, 2018 and this accompanying MD&A (together, the “Annual Filings”).

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 with its filings on SEDAR at www.sedar.com.

RISKS AND UNCERTAINTIES

The Company’s business and financial prospects are subject to a number of risks and uncertainties, including operational, financial and regulatory risks. The risks described below are not the only ones that the Company may face. If any of these risks occur, the Company’s business, financial condition and its results of operation could be materially and adversely affected.

Business Development and Marketing Strategy

The Company has devised a business development and marketing strategy, which it will implement to expand its products and services based on assessments by management and current market conditions. Management anticipates that the Company’s business development and marketing strategies will play a significant role in determining whether the Company can expand its products and services. There is no guarantee that the business development and marketing strategies of the Company will be successful.

Brand Awareness

The Company’s expansion of the Company’s products and services depends on increasing market consolidation through strategic acquisitions and through this maintaining customer loyalty in these captive markets before another company decides to move into the market and follow a similar business objective of market consolidation through acquisition. There is no assurance that the Company will be able to increase brand awareness. In addition, the Company must successfully develop a market for its products in order to sell its products. If the Company is not able to successfully develop a market for its products, then such failure will have a material adverse effect on the business, financial condition and operating results of the Company.

Growth Risk

A key component of the Company’s strategy is to continue to grow, both by increasing sales and earnings in existing markets with existing products, and by expanding into new markets and products. There can be no assurance that the Company will be successful in growing its business or in managing its growth. The Company’s growth depends on, among other things:

- identifying and developing new markets and products;
- identifying and acquiring other businesses that are suitable acquisition candidates;
- successfully integrating any acquired businesses with existing operations;
- establishing and maintaining favourable relationships with customers in new markets, and maintaining these relationships in existing markets;
- establishing and maintaining favourable relationships with suppliers in new markets, and maintaining these relationships in existing markets; and
- successfully managing expansion and obtaining required financing.

In addition, the Company will depend on its ability to implement, inter alia, the following elements of its growth strategy:

- develop and expand sales through acquisitions;

- introduce new product lines; and
- carry out acquisitions, including identifying to the extent possible liabilities of the newly acquired businesses.

Management of Growth

The inability of the Company to successfully manage its growth could have a material adverse effect on its operating results and cause its results from operations to fluctuate. As part of the Company's growth strategy, it intends to introduce new product lines, pursue acquisitions and expand sales to existing and new customers, in new and existing territories. The Company's expense levels are based, in part, on expected future revenues and the Company is constrained in its ability to reduce expenses quickly if for any reason its sales levels do not meet expectations in a particular quarter or period. Furthermore, rapid expansion may place a significant strain on the Company's senior management team and other key personnel as well as its business processes, operations and other resources. The Company's ability to manage growth will also depend in part on its ability to continue to enhance its management information systems in a timely fashion, particularly if customer demands change in ways that the Company does not anticipate. Any inability to manage growth could result in delivery delays and cancellation of customer orders, which could have a material adverse effect on the Company's business.

Business Development, Marketing and Sales Risk

The Company's future growth and profitability will depend on the effectiveness and efficiency of its national and potentially future international business development and marketing and sales strategy, including the Company's ability to (i) consolidate the market via strategic acquisitions; (ii) determine appropriate business development, marketing and sales strategies and (iii) maintain acceptable operating margins on such costs. There can be no assurance that business development, marketing and sales costs will result in revenues for the Company in the future or will generate awareness of the Company's products and services. In addition, no assurance can be given that the Company will be able to manage the Company's business development, marketing and sales costs on a cost-effective basis.

Maintenance Obligations and Facility Disruptions

The Company's manufacturing processes are vulnerable to operational problems that could impair the ability to manufacture products. The Company could experience a breakdown in any of their machines or other important equipment, and from time to time, planned or unplanned maintenance outages that cannot be performed safely or efficiently during normal hours of operation. Such disruptions could cause a loss of production, which could potentially have a material adverse effect on the business, financial conditions and operating results.

Dependence on the Housing, Construction, Repair and Remodelling Market

The demand for the Company products is primarily affected by the level of new wood-framed residential and commercial construction activity and, to a lesser extent, repair and remodeling activity and other industrial uses, which are subject to fluctuations due to changes in general economic conditions. Decreases in the level of residential construction activity generally result in lower revenues, profits and cash flows for builders who are important customers to the Company.

Fluctuations in Prices and Demand for and Selling Price of Lumber

The Company's financial performance principally depends on the demand for and selling price of its products. The markets for lumber products are cyclical and are subject to significant fluctuations. The markets for lumber are highly volatile and are affected by factors such as North American economic conditions, including the strength of the Canadian and U.S. housing market, the growing importance of the Asian market, changes in industry production capacity, changes in inventory levels and other factors beyond the Company's control. In addition, interest rates have a significant effect on residential construction and renovation activity, which in turn influences the demand for and price of lumber.

Product Liability Claims

The Company produces engineered products and each product design is certified by a professional engineer. Each of these certified products is then inspected and is subject to the building plan and permit which in turn is covered by new homes and buildings protection liability insurance policies.

Although the Company believes that it maintains adequate insurance coverage, it may from time to time be subject to claims for damages resulting from defects in products that it supplies. Product liability claims, even if unsuccessful, may result in significant litigation costs to defend the claims as well as other costs incurred to remedy the problem, such as product recalls, which could substantially increase the Company's expenses. Successful or partially successful product liability claims could result in significant monetary liability and could seriously disrupt the Business, particularly if the Company's insurance coverage is inadequate or unavailable in respect of any such claims.

Furthermore, a highly publicized actual or perceived problem with products that the Company supplies could adversely affect the market's perception of its products which may result in a decline in demand for products supplied by the Company, thereby reducing the Company's revenues and operating results, which could have a material adverse effect on its business.

Uninsured or Uninsurable Risk

The Company may become subject to liability for risks against which it cannot insure or against which the Company may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for the Company's usual business activities. Payment of liabilities for which the Company does not carry insurance may have a material adverse effect on the Company's financial position and operations.

Competition

The Company may face significant competition in selling its products and services. Many competitors may have substantial marketing, financial, development and personnel resources. To remain competitive, the Company believes that it must effectively and economically provide: (i) products and services that satisfy customer demands, (ii) superior sales and customer service, (iii) high levels of quality and reliability, and (iv) dependable and efficient distribution networks. Increased competition may require the Company to reduce prices or increase spending on sales and marketing and customer support, which may have a material adverse effect on its financial condition and results of operations. Any decrease in the quality of the Company's products or level of service to customers or any occurrence of a price war among the Company's competitors and the Company may adversely affect the business and its results from operations.

Patent Infringement

While the Company believes that its products and operations will not violate the intellectual property rights of third parties, other parties could bring legal actions against the Company claiming damages and seeking to enjoin the marketing and sale of the Company's products for allegedly conflicting with patents held by them. Any such litigation could result in substantial cost to the Company and diversion of effort by its management and technical personnel. If any such actions are successful, in addition to any potential liability for damages, the Company could be required to obtain a license in order to continue to market the affected products. There can be no assurance that the Company would prevail in such action or that any license required under any such patent would be available on acceptable terms, if at all. Failure to obtain needed patents, licenses or proprietary information held by others may have material adverse effect on the Company's business. In addition, if the Company were to become involved in such litigation, it could consume a substantial portion of the Company's time and resources.

Cyber Security Risk

The Company relies on information technology systems and networks in its operations. The Company could be materially and adversely affected in the event that the information technology systems or networks are compromised by malicious cyber attacks. This information technology infrastructure may be subject to security breaches or other cybersecurity incidents. In addition, these systems may be compromised by natural disasters or defects in software or hardware systems. The consequences of the Company's information technology systems being compromised potentially include material and adverse impacts on its financial condition, operations, production or sales, due to disruption of its business activities, and access to, and/or compromising of, proprietary sensitive information, including confidential customer or employee information, litigation and regulatory costs, devaluation of any intellectual property and reputation harm. While the Company believes it takes appropriate precautions in light of cyber security risks, there can be no assurance that it may not be subject to cyber security risks or attack, which could have a material adverse effect on business or results of operations.

Obsolescence

Maintaining a competitive position requires constant growth, development and strategic marketing and planning. If the Company is unable to maintain a technological advantage, the Company's ability to grow its business will be adversely affected and its products may become obsolete compared with other technologies.

Results of Operations and Financing Risks

Management believes, based on its expectations as to the future performance of the Company, that the cash flow from its operations and funds available to it will be adequate to enable the Company to finance its operations, execute its business strategy and maintain an adequate level of liquidity. However, expected revenue and the costs of planned capital expenditures are only estimates. Actual cash flows from operations are dependent on regulatory, market and other conditions that will be beyond the control of the Company. As such, no assurance can be given that management's expectations as to future performance will be realized. In addition, management's expectations as to the future performance of the Company reflect the current state of its information about recently acquired assets or entities, assets or entities currently considered for acquisition, the operations related thereto and integration efforts, and there can be no assurance that such information is correct or complete in all material respects.

Additional Requirements for Capital

Substantial additional financing may be required if the Company is to be successful with the Company's acquisition strategy and the overall development of its business. The Company does not currently know whether it will be able to secure additional funding or funding on terms acceptable to the Company. The Company's ability to obtain additional funding will be subject to a number of factors, including market conditions, investor sentiment and the Company's operating performance. These factors may take the timing, amount, terms and conditions of additional funding unattractive to the Company. If the Company is unable to raise additional funds on terms acceptable to the Company's management when needed, the Company's ability to execute its acquisition strategy could be impaired, which could lead to a material adverse impact on its business. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion or may not be able to further develop its business at all.

If the Company is able to obtain additional funds by way of an equity financing, the Company's existing shareholders may experience dilution. Any additional debt financing, if available, may involve restrictions on the Company's financing and operating activities.

Liquidity and Future Financing Risk

Although the Company is a going concern, the Company does not currently have cash reserves for funding future growth and expansion and therefore may require additional financing in order to fund future growth in operations and expansion plans. The Company's ability to secure any required financing to sustain its operations will depend in part upon prevailing capital market conditions, as well as the Company's business success. There can be no assurance that the Company will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to the Company's management. If additional financing is raised by issuing Common Shares, control may change and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may be required to scale back its business plan.

Changes in Law, Regulations and Guidelines

The Company’s business will be subject to particular laws, regulations, and guidelines. Although the Company intends to comply with all laws and regulations, there is no guarantee that the governing laws and regulations will not change which will be outside of the Company’s control.

Key Personnel Risk

The Company's success will depend on its directors' and officers' ability to develop the Company's business and manage its operations, and on the Company's ability to attract and retain the Chief Executive Officer and other key technical, sales, public relations and marketing staff or consultants to ramp up its business activities. The loss of any key person or the inability to find and retain new key persons could have a material adverse effect on the Company's business. Competition for qualified technical, design, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that the Company will be able to attract or retain key personnel in the future, which may adversely impact the Company's operations.

Conflicts of Interest Risk

Certain of the Company's directors and officers are also involved as advisors for other companies. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from the Company's interests. In accordance with the BCBCA, directors who have a material interest in any person who is a party to a material contract or a proposed material contract are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract.

In addition, the directors and the officers are required to act honestly and in good faith with a view to the best interests of the Company. However, in conflict of interest situations, the Company's directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to the Company. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to the Company.

Intellectual Property Protection

The Company’s intellectual property is protected primarily through trade secrets and copyright protection. The Company takes steps to document and protect its trade secrets and authorship of works protectable by copyright. However, there is no guarantee that such steps protect against the disclosure of confidential information, rights of employees, or that legal actions would provide sufficient remedy for any breach. Additionally, the Company’s trade secrets might otherwise become known or be independently developed by competitors. If the Company’s intellectual property cannot be protected, the business might be adversely affected.

Going-Concern Risk

The financial statements of the Company have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the achievement of on-going profitable operations. There can be no assurances that the Company will be successful in continuing to achieve profitability.

Market Risk for Securities

The market price for the Company shares could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the Company's Shares. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

Absence of Cash Dividends

To date, the Company has not paid any cash dividends on its Common Shares and it does not anticipate the payment of any dividends on its Common Shares in the foreseeable future.

Smaller Companies

Market perception of smaller companies may change, potentially affecting the value of investors' holdings and the ability of the Company to raise further funds through the issue of further Common Shares or otherwise. The share price of publicly traded smaller companies can be highly volatile. The value of the Company's securities may go down as well as up and, in particular the share price may be subject to sudden and large falls in value given the restricted marketability of the Common Shares, results of operations, changes in earnings estimates or changes in general market, economic and political conditions.

Future Sales by Significant Shareholders

Following release of shares from the resale restrictions imposed by the terms of the Escrow Agreement, should the former shareholders of Atlas Privateco determine to act in concert and sell their shares, the market price of the Common Shares may fall. This could result from the pressure on the market caused by such sales, or from concern that the sales signify problems in the Company's operations, or from some combination of the two. Mitigating this risk to some extent, though in no way eliminating it, is the fact that the Escrowed Securities are subject to certain release provisions.

SUBSEQUENT EVENTS

a) Truebeam Closure and Asset Relocation

On August 27, 2018, the equipment and inventory assets located at the Company's Truebeam facility in Northern Alberta were disassembled and transported to other manufacturing locations within the Company. Economic conditions in Northern Alberta were evaluated closely and management decided to re-allocate its Truebeam assets to other manufacturing locations where they can more productively contribute to achieving revenue and profit growth.

OTHER INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com.