Atlas Engineered Products Ltd.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED MAY 31, 2018

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

The referenced audited consolidated annual 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 September 20, 2018.

FORWARD-LOOKING INFORMATION

This accompanying MD&A, contain 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.

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 as well as windows. 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 operation 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 primary 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 is other 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 May 31, 2018, the Company had completed the Clinton Roof Truss Ltd. and Alberta Truebeam Ltd. transactions. Since that time, the Satellite transaction has been completed, and the Tandelle-Pacer and Coastal Windows transactions have been announced. Over the last several months significant work has been carried out by the Company to pursue the implementation of its strategic plan.

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 and Human Resources, Finance, Mergers & Acquisitions ("M&A") and 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. The national positions of VP Operations and VP Sales have been eliminated in favour of a more decentralized and locally responsive structure.

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 the valuation, due diligence, and integration planning and execution, with support of business process improvements and operational efficiencies.

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

- November 6, 2017, completed the reverse take-over between the Company (then known as Archer Petroleum Corp.) and Atlas Engineered Products Ltd., after which the Company was renamed "Atlas Engineered Products Ltd." and began trading under ticker symbol AEP on November 9, 2019
- February 21, 2018, completed the acquisition of Clinton Roof Truss in Vanastra, Ontario
- March 7, 2018, purchased the operating assets of Alberta Truebeam Ltd. in Northern Alberta from equipment dealer Wescana Industries Inc.
- July 13, 2018, completed the acquisition of Satellite Truss Ltd. of Merrickville, Ontario

- August 2, 2018, announced the entry into a definitive agreement for the acquisition of Coastal Windows Ltd. of Nanaimo, BC
- 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

Reverse takeover transaction between Archer Petroleum Corp. and Atlas Engineered Products Ltd.

On November 6, 2017, the Company completed the acquisition of all of the issued and outstanding shares of Atlas Engineered Products Ltd., then a privately owned company formed under *Business Corporations Act* (British Columbia) ("Atlas PrivateCo", and the acquisition being the "Archer Transaction"). Upon completion of the Archer Transaction, the Company changed its name to "Atlas Engineered Products Ltd." and Atlas PrivateCo changed its name to 1128469 B.C. Ltd. On January 18, 2018 the Company was amalgamated with Atlas PrivateCo.

As part of the Archer Transaction, the Company paid the principal shareholders of Atlas PrivateCo the sum of $1,000,000 and issued common shares to the shareholders of Atlas PrivateCo such that they held twenty five percent (25%) of the issued and outstanding common shares of the Company on closing of the Archer Transaction. The Archer Transaction was treated as a reverse take-over ("RTO") for accounting purposes and in accordance with the policies of the TSX Venture Exchange.

On completion of the Archer Transaction, the shareholders of Atlas PrivateCo obtained control of the consolidated entity. Under the purchase method of accounting, Atlas PrivateCo was identified as the acquirer for accounting purposes, and accordingly, for accounting purposes, the Company is considered to be a continuation of Atlas PrivateCo, with the net assets of the Company at the date of the RTO deemed to have been acquired upon completion of the Archer Transaction.

Acquisition of Clinton Roof Truss Ltd.

On February 21, 2018, the Company completed its acquisition of Clinton Roof Truss Ltd. (the "Clinton Acquisition") whereby the Company acquired all of the issued and outstanding shares of Clinton Roof Truss Ltd. ("Clinton") for total cash consideration of $2,600,000. $1,760,000 of the cash required to complete the transaction was provided by a non-revolving term loan advanced by a major Canadian chartered bank. The acquisition included land and buildings of $790,000, equipment of $452,910, and working capital of $934,345, representing tangible assets totaling $2,177,255.

Acquisition of Alberta Truebeam equipment and inventory

On March 7, 2018, the Company purchased the assets of Alberta Truebeam Ltd. ("Truebeam") including equipment, and plate inventory from an independent third party. The Company also purchased additional inventory directly from Truebeam, entered into a lease for the land and buildings in which Truebeam operated, and continued to operate, a truss manufacturing business in that location. The equipment and inventory were acquired for $701,513 plus GST. The equipment was appraised by an independent third party to have a value of $715,000.

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.

On August 27, 2018, 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 $1,200,000 in cash. A significant portion of the cash required to complete the transaction was provided by a mortgage and equipment term loan advanced by a major Canadian chartered bank.

Proposed Acquisition of Coastal Windows Ltd.

On August 1, 2018, the Company entered into a definitive agreement (the “Coastal DA”) with the new Coastal Windows Ltd. (“Coastal”) (BC Incorp. No. 1119866) whereby the Company will acquire 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. Completion of the transaction is subject to a number of conditions, including but not limited to, completion of due diligence and receipt of any required regulatory approvals. This is the new Coastal and the Company is acquiring all of assets and operations of the window manufacturing business with this share purchase.

Proposed Acquisition of Tandelle-Pacer

On August 13, 2018, the Company entered into a definitive agreement to purchase all 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 and Highwood Letters 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.

On February 6, 2018, the Company entered into a Letter of Intent to acquire Highwood Trusses Ltd. (“Highwood”) of High River, Alberta. At this time the Company has decided not to pursue the acquisition of Highwood.

FINANCIAL HIGHLIGHTS

The Archer Transaction was treated as an RTO for accounting purposes, with Atlas PrivateCo being treated as the accounting acquirer and with the operations of the Company being treated as a continuation of the operations of Atlas PrivateCo, and with the assets of the Company acquired as of the date the Archer Transaction was completed. As a result, the financial information contained in this MD&A is provided with respect to the operations of Atlas PrivateCo for periods prior to the completion of the Archer Transaction.

The Company’s annual and quarterly results for the fiscal period ending May 31, 2018 include annual results from the Atlas operations on Vancouver Island, and the results of the Clinton operations for the final quarter of the fiscal year.

Summary of Annual Financial Results

Overall revenue for the year ended May 31, 2018 was $11,597,176, up from $8,076,027 for the previous year, representing an overall growth in revenue from the prior year of 43.6%. Revenue for the year ended May 31, 2018 from the Company's core business in Nanaimo, BC was $10,340,571, representing year-over-year organic growth of 28% from the year ended May 31, 2017. Revenue from acquisitions for the year ended May 31, 2018 was $1,256,605 (2017 – nil), representing 10.8% the Company's revenues for the year.

Adjusted EBITDA for the year ended May 31, 2018 was $1,413,140, representing a 12% Adjusted EBITA Margin of 12%, compared with $1,790,954 Adjusted EBITDA and 22% Adjusted EBITA Margin for the prior year (See "Non-IFRS Financial Measures").

During the year ended May 31, 2018, the Company absorbed $966,886 in new costs for filing and transfer agent fees, management and professional fees, shareholder communication, and travel. The majority of these costs were the result of investments in IT implementation, management, legal, accounting, appraisal and valuation services in connection with the Company's acquisition and integration activities.

Going forward, the Company will compile and present per share metrics as a means of tracking and reporting on growth in enterprise and shareholder value. As a starting point, during the fiscal year ended May 31, 2018, the Company achieved revenue per share of $0.38, earnings (loss) per share of ($0.29), and Adjusted EBITDA per share of $0.05. These metrics are not provided for fiscal years prior to the fiscal year in which the Archer Transaction was completed as the Company's capital structure changed significantly as a result of that transaction. The Company's expectations are that these and other metrics will improve due to organic growth within its existing market areas as well as from new acquisitions.

Selected Financial Results for Twelve Months Ended May 31			
	2018	**2017**	**2016**
Revenue from the Business	$10,340,571	$8,076,027	$5,638,788
Revenue from New Acquisitions	$1,256,605	-	-
Total Revenue	$11,597,176	$8,076,027	$5,638,788
Cost of Sales	$8,725,350	$5,987,828	$4,551,463
Gross Profit	$2,871,826	$2,088,199	$1,087,325
Gross Margin %	25%	26%	19%
Operating Expenses	$2,700,621	$669,463	$468,179
Operating Income	$171,205	$1,418,736	$621,846
Net loss after adjustments and taxes	($4,954,765)	($739,043)	$369,465
Adjusted EBITDA	$1,413,140	$1,790,954	$870,276
Adjusted EBITDA Margin %	12%	22%	15%
Weighted Average Number of Shares	17,344,229	n/a	n/a
Revenue per Share	$0.67	n/a	n/a
Adjusted EBITDA per Share	$0.08	n/a	n/a
Loss per share, basic and fully diluted ($ per share)	($0.29)	n/a	n/a

Total Assets	$9,208,284	$3,658,553	$4,528,428
Total Non-Current Liabilities	$1,274,300	$1,497,908	$4,214,495
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 May 31, 2018 was $3,987,449, which is 93.3% higher than for the same quarter in the previous fiscal year. Revenue achieved during the quarter ended May 31, 2018 recognizes the full impact of the Clinton acquisition. Based on these quarterly results, management anticipates annualized revenues of approximately $18.1 million for the Atlas and Clinton cash generating units.

Summary of Quarterly Financial Results				
	Three Months Ended			
	31-May-18	28-Feb-19	30-Nov-17	31-Aug-17
Revenues	$3,987,449	$2,079,046	$2,791,623	$2,739,058
Net (loss) Income (3)	-$485,317	-$295,757	-$4,506,473	$332,782
Net (loss) Income per Share (basic and diluted) (1)	-$0.02	-$0.01	-$0.55	$309.00
	31-May-18	28-Feb-19	30-Nov-17	31-Aug-17
Revenues	$2,062,762	$1,757,922	$2,294,954	$1,960,389
Net (loss) Income (2)	-$1,541,291	$140,215	$368,732	$293,301
Net (loss) Income per Share (basic and diluted) (1)	-$1,526.00	$139.00	$65.00	$290.00

(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

Twelve months ended May 31, 2018

Revenue for the twelve months ended May 31, 2018 was $11,597,176 compared to revenue of $8,076,027 for the twelve months ended May 31, 2017. The revenue increase from acquisition for the twelve months ended May 31, 2018 was $1,256,605 compared to nil for the twelve months end May 31, 2017. Revenue for the business in Nanaimo, BC for the year ended May 31, 2018 was $10,340,571 (2017 - $8,076,027), an increase of 28%. This increase was due to increased building activity on Vancouver Island and demand for the Company's products.

The cost of sales for the twelve months ended May 31, 2018 was $8,725, 350 compared to $5,987,828 for the twelve months ended May 31, 2017 due to increased sales and an increase in raw material costs. Gross margins slipped slightly from 25.9% to 24.8%, notwithstanding a significant increase in lumber costs. The Company was successful in passing on the majority of its price increases to customers.

The Company recorded a net loss of $4,954,765 ($0.29 per share) for the twelve months ended May 31, 2018 compared to a net loss of $793,043 ($731.73 per share) for the twelve months ended May 31, 2017.

The increase in net loss is mainly the result of the listing expense of $4,864,786 recognized as a result of the Archer Transaction. As the Archer Transaction is accounted for as an RTO, the consideration paid in connection with the transaction is the fair value of the shares that remain with the previous shareholders of Archer Petroleum Corp. after the Archer Transaction was completed. In an RTO transaction, the acquirer's primary purpose for completing the transaction is to acquire the public listing held by the acquiree and therefore the residual value of the consideration above the net asset value of the public company is considered a listing expense and needs to be recorded for accounting purposes. Since the net assets of the Company were valued at ($181,150), the residual value of the consideration paid above the net asset value of $4,864,786 was recorded as a listing expense. The listing expense is a one-time accounting entry and is not reflective of the ongoing operations of the Company. As the Archer Transaction was completed during the year ended May 31, 2018, the recording of the listing expense was largely responsible for the accounting loss for the fiscal year.

Administrative and office $302,585 (2017 – $130,332). Administrative and office expenses have increased due to the increased costs associated with corporate activity and the requirements of operating as a public company.

Depreciation $225,561 (2017 – $139,270). Depreciation increased over the twelve months ended May 31, 2018 compared to the twelve months ended May 31, 2017. This is due to the building and equipment that was acquired with the Ontario and Alberta acquisitions. During the twelve months ended May 31, 2018, $319,523 in additional depreciation was included in cost of sales (2017 – $232,948).

Management fees $348,957 (2017 – $39,520). Management fees increased after the Archer Transaction 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 $458,803 (2017 – $9,192). Professional fees increased due to the Company receiving legal assistance for general corporate matters and incurring accounting fees resulting from the Company's increased activity. A significant portion of the professional fees paid were for time spent in relation to the Company's acquisition activities and included valuation and appraisal fees.

Salaries and benefits $280,348 (2017 – $169,338). Salaries and benefits increased with the increased level of corporate activity.

Share-based payments $696,581 (2017 – $nil). During the twelve months ended May 31, 2018, 2,889,167 options were granted to employees, consultants, and directors. The share-based payment amount includes the vesting of these options. No options were outstanding in the prior year period.

Three months ended May 31, 2018

Revenues for the three months ended May 31, 2018 were $3,987,449 as compared to revenue of $2,062,792 for the three months ended May 31, 2017, which represents a 93% increase in revenues. The increase was primarily the result of the Company's acquisition of the Clinton operations in Ontario and increased building activity on Vancouver Island. A small contribution came from the Company's acquisition in Alberta.

Cost of sales for the three months ended May 31, 2018 were $3,141,380 compared to $1,560,407 for the three months ended May 31, 2017.

The Company recorded a net loss of $485,317 ($0.02 per share) for the three months ended May 31, 2018 as compared to a net loss of $1,541,291 ($1,526 per share) for the three months ended May 31, 2017. The loss during the three months ended May 31, 2017 was primarily due to a write-down of $1,755,671 due from a related party. The loss for the three months ended May 31, 2018 was largely the result of additional management costs related to the company's acquisition and integration activities.

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

Administrative and office $177,794 (2017 – $30,249). Administrative and office expenses have increased due to the increase in corporate activity as a public company.

Depreciation $118,490 (2017 – $30,109). 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 building and equipment that was acquired with the Ontario and Alberta acquisitions. Note that during the three months ended May 31, 2018, $141,012 in additional depreciation was included in cost of sales (2017 – $62,487).

Management fees $216,791 (2017 – $nil). Management fees increased after the Archer Transaction 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 $225,919 (2017 – $2,239). Professional fees increased due to the Company receiving legal assistance for general corporate matters and incurring accounting fees resulting from the Company's increased activity. A significant portion of the professional fees paid were for time spent in relation to the Company's acquisition activities and included valuation and appraisal fees..

Salaries and benefits $87,384 (2017 – $46,546). Salaries and benefits increased with the increased level of corporate activity.

Share-based payments $328,271 (2017 – $nil). During the quarter 470,000 options were granted to employees and directors. The share-based payment amount includes the vesting of these options as well as the vesting and cancellation of 2,419,167 options granted in prior quarters. No options were outstanding in the prior year.

Travel $103,870 (2017 – $nil). Travel costs have increased due to the aggressive acquisition and integration strategy the Company has been pursuing. Two acquisitions are being integrated into the operations and additional acquisitions are undergoing due diligence at this time.

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 Twelve Months Ended May 31		
	2018	2017
Net Income (loss) for the Year as Reported	**($4,954,765)**	**($739,043)**
Interest Earned	($28,995)	($394)
Interest Expense	$60,467	$42,584
Income Tax Expense	$113,588	$279,311
Accretion Expense	$20,716	-
Finance Charge on Leases	$81,869	$91,357
Depreciation	$545,084	$372,218
EBITDA	**($4,162,036)**	**$46,033**
(Loss) Gain on Disposal of Equipment	$13,488	($10,750)
Foreign Exchange	$7,465	-
One Time Write-Off of Due from Related Party	-	$1,755,671
Share-Based Payments	$696,851	-
Listing Expense	$4,864,786	-
Adjusted EBITDA	**$1,420,554**	**$1,790,954**
Revenue	$11,597,176	$8,076,027
Adjusted EBITDA Margin	12%	22%

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 includes 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 and twelve months ended May 31, 2018 and 2017:

	May 31, 2018	May 31, 2017
	$	$
Salaries and benefits[1]	62,942	44,616
Management fees[2]	284,872	39,520
Professional fees[3]	36,362	34,445
Cost of sales[4]	151,025	341,080
Finance charge on leases[5]	46,309	59,011
Share-based compensation[6]	387,095	-
Interest expense	-	4,399
Total related party transactions	968,605	523,071

[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 Malaspina Consultants Inc., a company in which the former CFO was an associate.
[4] 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.
[5] These charges include the finance charge on the building lease paid to 1053567 BC Ltd of which Hadi Abassi is a 50% owner.
[6] 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:

	May 31, 2018	May 31, 2017
	$	$
Due from related party		
Accounts receivable	23,797	-
Coastal Windows Ltd. (Old Coastal, See Note below)	-	744,611
Total due from related party	-	744,611
Due to related parties		
Accounts payable and accrued liabilities	(1,040)	(79,686)
Exchangeable note – liability portion	(49,134)	-
Director loan	-	(300,000)
Lease obligation	(648,706)	(866,398)
Total due to related parties	(698,880)	(1,246,084)

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

On July 31, 2017, Atlas PrivateCo amalgamated with its affiliated company, Coastal Windows Ltd. (BC Incorp. No. 1009663) ("Old Coastal"), a shell company. The amalgamation was carried out for accounting purposes, and the assets and operations of the window manufacturing business of Old Coastal were not part of the amalgamation.

Due to the amalgamation of Atlas PrivateCo and Old Coastal, tax losses carried forward of $2,863,888 originating in Old Coastal will be available for use by Atlas PrivateCo to offset its future taxable income. As a result, the net amount recoverable by Atlas PrivateCo of the amount due from Old Coastal at May 31, 2017 was limited to the tax effect of the tax losses carried forward, being $744,611. Upon the amalgamation of the Company and Atlas PrivateCo, this receivable became part of the deferred tax asset of the Company.

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.

As at May 31, 2018 the Company held cash of $881,136 and had working capital of $1,835.997 (May 31, 2017 – cash $234,848 and working capital deficiency of $1,271,460). During the twelve months ended May 31, 2018, net cash used in operating activities was $537,669 (2017 – cash provided of $922,098).

The increase in cash used in operations was primarily due to the listing expense which was funded by shares issued for cash. Other impacts were the change in working capital items, the increase in accounts receivable, inventories and in accounts payable. Net cash used in investing activities was $2,462,890 (2017 – $598,440). The cash provided by investing activities related to the cash paid for the Clinton acquisition as well as the cash paid related to the listing expenses. Cash provided by financing activities was $3,714,428 (2017 – cash used of $200,576). In the twelve months ended May 31, 2018, this was mostly due to the shares issued in the private placement for gross proceeds of $4,226,400, offset by the extinguishment of the preferred share liability of $1,000,000 and dividends paid of $576,483 to the private company shareholders before the RTO transaction took place.

CAPITAL EXPENDITURES

During the twelve months ended May 31, 2018, the Company used cash to acquire property, plant and equipment of $35,917 (2017 - $120,755). Property, plant and equipment increased due to acquisitions.

FINANCIAL INSTRUMENTS

Fair value of financial instruments

As at May 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 and accrued liabilities, customer deposits, term debt, and the liability portion of the exchangeable notes. 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, and the liability portion of the exchangeable notes 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

The following new standards have been adopted by the Company:

IFRS 9 – Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments ("IFRS 9") bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. IFRS 9 also amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and the de-recognition of financial instruments. The mandatory effective date of IFRS 9 will be annual periods beginning on or after January 1, 2018. This standard was adopted as at June 1, 2017.

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.

Management estimates

a) Collectability of accounts receivable

In determining the collectability of a trade or other receivable, the Company performs a risk analysis by considering the type and age of the outstanding receivable and the creditworthiness of the customer. If an account is deemed uncollectible, an allowance for doubtful account is recognized. The Company also reviews the allowance for doubtful accounts on a regular basis to determine if any of the accounts provided should be written off.

b) Inventory valuation

Management estimates the net realizable values ("NRV") of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by market driven changes that may affect future selling prices.

c) Depreciation and amortization and determining useful lives

Production equipment and other tangible assets used directly in manufacturing activities are depreciated on a declining balance basis.

Mobile and other equipment is depreciated, net of residual value, over its useful economic life. Depreciation commences when assets are available for use. The assets' useful lives and methods of depreciation are reviewed and adjusted, if appropriate, at each fiscal year end.

Significant judgement is involved in the determination of useful life and residual values. No assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions.

d) Impairment of long-lived assets

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit ("CGU") at each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, an estimate of the recoverable amount will be made. These estimates and assumptions are subject to risk and uncertainty and therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs.

e) Income taxes

Management estimates income taxes based on current tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. To the extent that future cash flows and taxable profit differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. Future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods.

f) Business combinations

Management uses valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination. In particular, the fair value of contingent consideration is dependent on the outcome of many variables including the acquirees' future profitability.

g) Calculation of share-based compensation

The amount expensed for share-based compensation is determined using the Black-Scholes Option Pricing Model based on estimated fair values of all share-based awards at the date of grant and is expensed to profit or loss over each award's vesting period. The Black-Scholes Option Pricing Model utilizes subjective assumptions such as expected price volatility, expected forfeiture rates, and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

SECURITIES OUTSTANDING

As at September 20, 2018, the Company's outstanding share information is as follows:

Security	Number	Exercise price	Expiry date
Issued and outstanding common shares	30,730,405	N/A	N/A
Stock options	1,574,167	$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	370,000	$0.65	18-Apr-23
Total Options	2,796,667		

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 twelve months ended May 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) Company announces non-brokered private placement financing for up to $5,000,0000.

On August 14, 2018, the Company announced a private placement financing to raise up to $5 million (the "Offering"). The Offering will be non-brokered and consist of up to 12,500,000 shares at a price of $0.40 per share. The net proceeds of the Offering will be used primarily for acquisition purposes. Completion of the Offering is subject to all required regulatory approvals.

b) Operating Line of Credit

On July 30, 2018, the Company was granted a $1 million operating line of credit facility with a major Canadian chartered bank. This facility is secured by accounts receivable and inventory.

c) Exchangeable Notes

On August 9, 2018, all exchangeable notes issued on August 9, 2017 were converted to options or warrants as detailed in the annual consolidated financial statements.

d) 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 contribute to achieving revenue and profit growth.

OTHER INFORMATION

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