**Axios Mobile Assets Corp.**

**Management's Discussion and Analysis of Financial Condition and Results of Operations for the Quarter ended September 30, 2013**

Management has all monetary amounts, unless otherwise indicated, expressed in Canadian dollars. Where we say "we", "us", "our", or the "Company" we mean Axios Mobile Assets Corp. and its subsidiaries unless otherwise indicated. All amounts are presented in Canadian dollars unless otherwise indicated.

### *Report Date*

This management discussion and analysis is dated November 29, 2013 and is in respect of the quarter ended September 30, 2013 and should be read in conjunction with the audited consolidated financial statements for the quarter then ended.

### *Overall Performance*

*Overview*
Axios Mobile Assets Corp. (the "Company" or "Axios") is a logistics enabler featuring a next generation, bio-based pallet technology, which can be bundled with its proprietary cross-platform tracking and information system that helps improve the value chain in the logistics market. The Company's bundled offering is targeted at providing lower total cost, longer useful life, customized configurations and a revenue stream through carbon credit generation, monitoring and the monetizing of carbon emissions reductions.

The Company's predecessor, Axios Mobile Assets Inc. ("Axios Canada") was incorporated in Ontario, Canada on December 1, 2009 and the Company is the continuing company resulting from a reverse takeover of the Company (then named Microlab Online Inc. ("Microlab") by Axios Canada on March 26, 2010.

Microlab was incorporated under the Ontario *Business Corporations Act* ("OBCA") on September 25, 1998 as Active Investor Inc. By Articles of Amendment dated May 18, 1999, the name of the Company was changed to Microlab Online Inc. By Articles of Amendment dated March 18, 2010, the name of the Company was changed to Axios Mobile Assets Corp.

The Company's two operating subsidiaries are Axios Mobile Assets Inc. ("Axios Canada"), and Axios Mobile Assets, Inc. ("Axios USA"). Each of Axios Canada and Axios USA were incorporated December 1, 2009. Together, Axios Canada and Axios USA are in the business of producing and supplying technology enabled engineered logistic product solutions. The first product solution developed is the AXIOS™ edge rackable pallet (an environmentally "friendly" structural and trackable mobile assets platform).

Axios Canada owns:

1. The intellectual property pertaining to a technology that enables production of a very strong, lightweight and environmentally friendly pallet. In addition to the mechanical prowess of the physicality of the pallet, the developer enhanced these mechanical properties by augmenting the pallet with a Radio Frequency Identification ("RFID") technology further enhanced through a software unification platform, in order to develop and implement the concept of "transactional triangulation". The developer has formulated a concept where the traditional tenets of "Recycle", "Reuse", and "Reduce" are fulfilled and proven with all of the pallets attributes, but the additional tenets of "Redesign" and "Reimagine" are now added to the mix. The combination of which, makes this pallet offering the most holistic logistical pallet concept in the industry to date, which will deliver, efficiency, flexibility, and true business value to its users, product manufacturers, wholesalers and retailers.
2. A software unification platform which it intends to utilize as the base software platform solution to perform "transactional triangulation" from any and all disparate systems information its customers use, allowing both traceability of palletized loads and reduction in systemic parasitic pallet losses.

Axios USA adopted a pre-incorporation contract whereby it acquired a branding/marketing strategy and implementation process from Gyro Creative Group. Currently, to our knowledge, no other pallet manufacturer has ever branded its pallet to a multi-level audience (poolers, 3rd party logistics, end-consumers, etc.) Gyro is one of the leaders in building brand architectures, naming conventions, visual language and applying those elements to a product. Gyro will target the "end consumer", build brand value and awareness by educating the different audience segments on the pallets positive health and safety attributes by being resistant to infestation and food contamination while promoting the pallet as the new "green" alternative.

***Selected Quarterly Information***

| | September 30, 2013 | December 31, 2012 |
|---|---|---|
| **ASSETS** | | |
| **Current** | | |
| Cash | **$ 11,126** | $ 111,726 |
| Funds held in trust | **-** | 182,157 |
| Accounts receivable and other receivables *[Note 13]* | **358,830** | 272,044 |
| Inventory | **40,807** | 313,498 |
| **Total current assets** | **410,763** | 879,425 |
| **Non-current** | | |
| Property and equipment *[Note 4]* | **2,585,927** | 2,203,586 |
| Intangible assets *[Note 5]* | **3,966,565** | 4,156,390 |
| **Total non-current assets** | **6,552,492** | 6,359,976 |
| **Total assets** | **$ 6,963,255** | $ 7,239,401 |
| **LIABILITIES** | | |
| **Current** | | |
| Bank indebtedness | **$ -** | $ - |
| Accounts payable and accrued liabilities *[Note 7]* | **2,233,834** | 1,119,239 |
| Deposits | **399,969** | 716,793 |
| **Total current liabilities** | **2,633,803** | 1,836,032 |
| **Non-current** | | |
| Convertible debt *[Note 6]* | **527,247** | - |
| **Total non-current liabilities** | **527,247** | - |
| **Total liabilities** | **3,161,050** | 1,836,032 |
| **EQUITY** | | |
| Capital stock *[Note 8]* | **12,927,615** | 12,378,481 |
| Contributed surplus *[Note 8]* | **1,268,136** | 869,696 |
| Deficit | **(10,393,546)** | (7,844,808) |
| **Total equity** | **3,802,205** | 5,403,369 |
| | **$ 6,963,255** | $ 7,239,401 |

| | Three months Ended September 30, 2013 | | Three months Ended September 30, 2012 | | Nine months Ended September 30, 2013 | | Nine months Ended September 30, 2012 | |
|---|---|---|---|---|---|---|---|---|
| **Revenue** | $ | 151,473 | $ | 35,621 | $ | 345,464 | $ | 35,621 |
| **Expenses** | | | | | | | | |
| Stock compensation expenses | | 26,071 | | 59,507 | | 127,157 | | 116,611 |
| Director fees | | 13,406 | | 33,200 | | 48,990 | | 58,200 |
| Depreciation | | 433,072 | | 12,484 | | 496,127 | | 64,802 |
| Administrative | | 355,915 | | 359,984 | | 843,936 | | 726,404 |
| Professional fees | | 425,786 | | 248,575 | | 863,094 | | 456,294 |
| Insurance | | 17,415 | | 17,029 | | 48,612 | | 46,695 |
| Telecommunications | | 3,272 | | 15,381 | | 28,031 | | 31,112 |
| Occupancy costs | | 6,000 | | 15,977 | | 18,000 | | 42,045 |
| Travel expenses | | 12,723 | | 27,397 | | 45,462 | | 58,470 |
| Interest and bank charges | | 41,397 | | 1,027 | | 46,990 | | 2,698 |
| Material cost | | 274,995 | | - | | 289,565 | | - |
| Foreign exchange (gain) | | (69,722) | | (15,834) | | 38,238 | | 37,419 |
| | | 1,540,330 | | 774,727 | | 2,894,202 | | 1,640,750 |
| **Net loss and other comprehensive loss** | $ | (1,388,857) | $ | (739,106) | $ | (2,548,738) | $ | (1,605,129) |
| **Net loss per share, basic and diluted** | $ | (0.0148) | $ | (0.0082) | $ | (0.0273) | $ | (0.0180) |
| **Weighted average number of shares outstanding - basic and diluted** | | 93,876,585 | | 89,667,702 | | 93,394,256 | | 89,260,885 |

The following table sets forth a breakdown of material components of the general and administration costs of the Corporation for the two periods ended:

| | **Three months Ended September 30, 2013** | **Three months Ended September 30, 2012** |
|---|---|---|
| Certifications | **$ -** | **$ 8,882** |
| Dues and subscriptions | **3,036** | **2,966** |
| Freight, shipping and postage | **2,949** | **-** |
| Marketing and promotion | **70** | **559** |
| Office supplies | **1,937** | **3,450** |
| Public relations | **2,656** | **1,854** |
| Plant management and occupancy | **1,967** | **-** |
| Taxes – Payroll and HST | **12,195** | **104,512** |
| Salaries and benefits | **331,105** | **169,170** |
| **Total Administrative expenses** | **$263,277** | **$359,984** |

### *Result of Operations*

Revenue was 151,473, net loss was ($1,388,857), and net loss per/share was $0.0148 ($0.0148 fully diluted) for the quarter ending September 30, 2013. The net loss for the quarter was principally a result of administrative costs, insurance costs, occupancy costs, professional fees in connection with operations, compliance and listing matters, telecommunications costs, travel costs of Axios and its management, and amortization of capital assets.

Management's Plan of Operation for 2012 - 13 was (current status in bold):

i. Obtain certification (FM Global – fire retardancy; and green protocols) for at least 1 initial product, a rackable 40" x 48" pallet – **FDA compliance, ISO 8611 durability tests and FM Global testing passed successfully**.
ii. Continue the brand development campaign: product differentiators - quality; economic and environmental benefits of its green protocols, utility of its tracking systems, and its overall value proposition, trademarks – **Phase I of the awareness campaign has been completed. Phase II of the branding and social media campaign has started.**
iii. Complete tooling modifications and produce production pallets from a third party manufacturing site - **tooling of a pallet design has been completed and production has begun**.
iv. Convince major end users of pallets to sign letters of intent to use Axios pallets, and to purchase units for testing purposes. – **first commercial order delivered September 29, 2012. Additional tests at retailers and pilot programs are now ongoing.**
v. Distribute at least 500 production intent pallets to potential customers for testing purposes. – **completed.**
vi. Convert at least 1 test customer to a formal contract to supply Axios pallets – **completed.**
vii. Continue developing enhancements to software tracking systems to meet market needs – **Generation I of the software platform is complete. Enhancements to the platform are ongoing.**

Our plan of operation is prone to significant risks and uncertainties certain of which can have an immediate impact on our financial condition and results of operations. We expect to fund our growth through a private placement of equity, although there is no certainty the same can be achieved, or achieved at reasonable cost or dilution. Upon completion of our funding objectives we will continue to focus on our customer and market trials in order to have absolute certainty that we will be in a position to market our product effectively and meet the requirements of regulatory regimes worldwide.

#### *Results of Operations for the nine-month period ended September 30, 2013*

For the 9-month period ended September 30, 2013, revenue was $151,473 (September 30, 2012 - $35,621), and the Company incurred a net loss from operations of $1,388,857(September 30, 2012 - $739,106). The loss for the 9 month period ended September 30, 2013 is largely attributable to administrative costs, insurance costs, occupancy costs, professional fees in connection with operations, compliance and listing matters, telecommunications costs, travel costs of Axios and its management, and amortization of capital assets. The loss in the same period in 2012 had largely been attributable to administrative costs, insurance costs, occupancy costs, professional fees in connection with operations, compliance and listing matters, telecommunications costs, travel costs of Axios and its management, and amortization of capital assets.

***Summary of Quarterly Results***

Selected information for the 8 quarters ended September 30, 2013.

| Quarter | 9/30/13 | 6/30/13 | 3/31/13 | 12/31/12 | 9/30/12 | 6/30/12 | 3/31/12 | 12/31/11 |
|---|---|---|---|---|---|---|---|---|
| **Revenue** | 151,473 | 193,991 | Nil | Nil | 35,554 | Nil | Nil | Nil |
| **Net Loss** | $1,388,857 | $664,149 | $591,842 | $379,087 | $793,173 | $541,671 | $324,352 | $182,900 |
| **Loss/share** | $0.0148 | $0.0071 | $0.0064 | $0.0042 | $0.0082 | $0.0060 | $0.0036 | $0.0026 |

Quarterly net losses over the periods noted above are affected by timing of certain administrative activities but generally do not vary significantly apart from expenses for stock based compensation. During the quarter ending September 30, 2013, the Company completed production samples for customer testing. The results from the testing will be used as further product validation to aid in sales and fundraising activities. Management continues to commercialize the product and has been pursuing customers in their targeted verticals in addition to a pilot program with a Canadian manufacturer and a US winery.

***Additional Disclosure for Venture Issuers without Significant Revenue***

Additional disclosure is contained in the financial statements to which this MD&A relates.

***Disclosure of Outstanding Share Data***

As of November 29, 2013 the company has 93,849,945 shares; 3,485,674 warrants and 6,224,688 options issued and outstanding. The number of outstanding shares has increased by 1,889,393 shares from December 31, 2012 through a partial closing of the ongoing private placement.

***Liquidity and Capital Resources***

Cash on hand was $11,126 at September 30, 2013 and a working capital deficiency of $2,223,040. By comparison, at September 30, 2012, the Company had cash on hand of $111,726. The Company has no present source of revenue and, therefore, has no regular cash flow from operations.

Subsequent to December 31, 2012, the Company closed $557,500 of the current private placement and has continued its product development activities. Additional funding is required in 2013 for the Company to continue operations. Management believes that it has the ability to raise sufficient funds for the continuation of operations. While management has been historically successful in raising the necessary capital, we cannot provide any assurance that such additional financing will be available or that, if available, it can be obtained on terms favourable to our shareholders and the Company. In addition, any equity financing would result in dilution to our shareholders and any debt financing could involve restrictive covenants with respect to future capital raising activities or other financial or operational matters. Our inability to obtain adequate funds will adversely affect our operations and the ability to implement our plan of operation.

***Transactions with Related Parties***

Included in accounts payable and accrued liabilities as at September 30, 2013 is an amount due to a shareholder in the amount of $20,000 (December 31, 2012 - $51,275) and directors' fees payable of $53,232 (December 31, 2012 - $14,094). The amounts are non-interest bearing and due on demand.

Key management personnel include the Chief Executive Officer, Chief Financial Officer, Vice President of Sustainability and Technology, Vice President of Sales, Marketing and Branding, Director of Operations and its outside Board Chair and Directors. The compensation paid or payable in stock or cash to key management personnel was comprised of the following:

| | **September 30, 2013 $** | September 30, 2012 $ |
|---|---|---|
| Directors' fees | **48,990** | 58,200 |
| Management salaries | **555,808** | - |
| Stock-based compensation | **127,157** | 116,611 |
| Total | **731,955** | 174,811 |

***Off-Balance Sheet Arrangements***

The Company has no off-balance sheet arrangements.

***Financial Instruments***

**Fair value of financial instruments**

The Company's financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities. The fair value of these financial instruments approximate carrying value due to their current nature.

**Financial risk**

The Company's activities expose it to a variety of financial risks: liquidity risk and market risk (including interest rate risk and foreign exchange risk).

Risk management is carried out by the Company's management team with guidance from the Board of Directors.

**a. Liquidity risk**

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to capital markets is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at September 30, 2013, the Company has cash of $11,126 (December 31, 2012 – $111,726) to settle current liabilities of $2,633,803(December 31, 2012 – $1,836,033). All of the Company's financial liabilities, except loans payable, have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

**b. Market risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

*Interest rate risk*

The Company has cash balances and no interest bearing debt. The Company's current policy is to invest excess cash in guaranteed investment certificates or interest bearing accounts of major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy.

*Foreign currency risk*

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As of September 30, 2013, the Company funds certain operations and administrative expenses United States on a cash call basis using US Dollar currency converted from its Canadian Dollar bank accounts held in Canada. The Company maintains US bank accounts and is subject to gains and losses from fluctuations in the Canadian Dollar and United States Dollar.

**Sensitivity analysis**

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve-month period:

(i) Cash is subject to fixed interest rates. Management believes interest rate risk is minimal.

(ii) The Company holds balances in foreign currencies, which could give rise to exposure to foreign exchange risk. Management believes a plus or minus 10% change in foreign exchange rate against the US Dollar would have a minimal effect on reported (loss) income and comprehensive (loss) income as minimal balances are held in foreign currencies.

**Significant accounting judgments and estimates**

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

The following are the critical judgments that have been made in applying the Company's accounting policies and that have the most significant effect on the amounts in the consolidated financial statements:

**Income taxes and recovery of deferred tax assets**

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements.

The Company makes estimates and assumptions that affect the carrying amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from estimates. The estimates and assumptions that are critical to determining the amounts reported in the consolidated financial statements relate to the following:

**Impairment of assets**

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. The recoverable amount is the greater of value-in-use and fair value less costs to sell. Determining the value-in-use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value. As at September 30, 2013 and 2012, the Company did not record any impairment of non-financial assets.

**Useful life of property and equipment and intangible assets**

Property and equipment and intangible assets are amortized over the estimated useful life of the assets. Changes in the estimated useful lives could significantly increase or decrease the amount of amortization recorded during the period. As the intangible assets are under development and are not yet available for their intended use, amortization has not commenced.

**Share-based compensation**

The Company is required to make certain estimates when determining the fair value of stock option awards and the number of awards that are expected to vest. These estimates affect the amount recognized as share-based compensation in the consolidated statements of loss and comprehensive loss.

**Accounting standards issued but not yet effective**

The Company has identified new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Company:

IFRS 9 *Financial Instruments* ("IFRS 9") will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The Company is currently evaluating the impact of IFRS 9 on its consolidated financial statements.

IFRS 10 *Consolidated Financial Statements* ("IFRS 10") establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 27 "Consolidated and Separate Financial Statements" and SIC-12 "Consolidated – Special Purpose Entities" and is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

IFRS 11 *Joint Arrangements* ("IFRS 11") establishes principles for financial reporting by parties to a joint arrangement. IFRS 11 supersedes the current IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities – Non-Monetary Contributions by Ventures" and is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

IFRS 12 *Disclosure of Interests in Other Entities* ("IFRS 12") applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

IFRS 13 *Fair Value Measurements* ("IFRS 13") defines fair value, sets out in a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies to IFRS that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances. IFRS 13 is to be applied for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

***Subsequent Events***

Subsequent to the quarter-end:

- On December 1, 2012, the Company offered a private placement, to raise gross proceeds of up to $4,600,000 for 13,939,394 units at a price of $0.33 CAD. Each unit consists of one common share of the Company and one-half of one non-transferable share purchase warrant. Each full Warrant entitles the holder to acquire an additional Common Share of the Company at a price of $0.55 at any time within the earlier of 24 months from issue and the day the closing market price for the Company's shares on the CNSX (or on such other exchange in North America upon which such shares shall be listed or quoted for trading) shall have been $0.55 CAD or higher for sixty (60) consecutive trading days. This financing remains open due to the challenging fundraising environment of the current capital markets. See also "Liquidity and Capital Resources".

- On May 1, 2013, the Company offered a convertible debenture, to raise gross proceeds of up to $2,000,000 $2,000,000 at 6% per annum interest, accrued and paid monthly, in arrears commencing with the first month of the second year. The holder has the option to convert the debt to stock at $0.10 per common share for conversion in the first year of the term, $0.40 for a conversion in the second year of the term, and $0.60 for a conversion in the third year of the term. This financing remains open due to the challenging fundraising environment of the current capital markets. See also "Liquidity and Capital Resources".

- In September 2013, the Company offered a convertible debenture to raise gross proceeds of up to $1,000,000 at 8% per annum interest, accrued and paid monthly, in arrears commencing with the first month of the second year. The debenture matures three years from the date of issuance. The holder has the option to convert the debt to stock at $0.05 per common share at any time on or before the maturity date. As of September 30, 2013, the Company received gross proceeds of $250,000. This financing remains open due to the challenging fundraising environment of the current capital markets. See also "Liquidity and Capital Resources".

***Risk Factors***

Overview

The business of the Company consists of the Axios business of producing and supplying an environmentally "friendly" structural and trackable technology enabled mobile assets platform (pallets). There are a number of inherent risks associated with such a business and its development. Many of these risks are beyond the control of the Company.

Stage of Development

The Company and Axios have a limited history of operations, earnings or revenue. Its proposed operations are subject to all of the risks inherent in the establishment of a new business enterprise, including the absence of an operating history. The likelihood of the success of Axios must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the formation of a new business, and the competitive environment in which Axios will operate.

Additional Financing Requirements

The Company will be dependent on raising equity capital to fund its operations. The exact amount of future capital requirements will depend on numerous factors. Any future financings may result in substantial dilution to the holdings of current shareholders of the Company and could have a negative impact on the market price of its common shares. There can be no assurance that additional financing, when required, will be available on commercially reasonable terms or at all. If adequate funds are not available or are not available on acceptable terms, The Company may not be able to fund its operations and/or research and development programs or take advantage of strategic opportunities. Such inability to obtain additional financing when needed could have a material adverse effect on the Company's business, results of operations, cash flow, financial condition and prospects.

Implementation of Strategy

The Company's inability to implement its business strategy could have a material adverse effect on the Company, including the ability to attain profitable operations.

Start-Up Losses

The Company is not expected to be profitable initially; furthermore, there is no assurance that the Company will ever operate profitably.

Reliance on Management

Holders of securities of the Company must rely on the ability, expertise, judgment, discretion, integrity and good faith of management of the Company.

Conflicts of Interest

Conflicts, if any, will be subject to the procedures and remedies under the *Business Corporations Act* and other governing legislation in Michigan. All the directors of the Company may not devote their time on a full-time basis to the affairs of the Company.

Price Point

The Axios product is priced above the cost of a wooden pallet. The Company believes that the overall lifetime cost of its product is cheaper than its competitors, but, there is no assurance that its potential customers will change their value propositions to pay more now, to save money over the life of a pallet.

Market Risk

The Company is moving into a well-established market with a new product. Consequently, its competitors are the incumbents in each potential customer. The Company may not be successful in converting customers to its products. The Company has an untried distribution chain, which may not be successful in converting customers to its products.

Failure to Patent the Material Composition

Axios has relied on trade secret protection for its competitive advantage. It decided that patent protection could not adequately occupy the entire field, and would give its competitors too great an opportunity to see how Axios does what it does, and to design around the patents. There is no assurance that a competitor could not reverse engineer Axios' designs and formulai.

Sales model

The Company believes that targeting large end users will enable Axios to penetrate the market for pallets. It believes that its pallets can differentiate markets for some end users, achieving volume sales for Axios to entities sufficiently funded to pay the capital cost required. This strategy reduces the number of direct target customers of Axios, to a limited number of entities, all having significantly more economic power than Axios. There is no assurance the Company's strategy will be successful, and if it is not successful, Axios will be shut out of major markets.

Carbon Credit Risks

One differentiator the Company is using to market its products is the potential for a purchaser to obtain carbon credits for using Axios' pallets. The economic value of that differentiator is in part a function of the level of certification Axios can achieve with certifying bodies, and on continuing government support for carbon reduction programs and other environmental initiatives. These are uncertainties.

Production Issues

The Company has not produced pallets in commercial quantities. There may be delays in completing the manufacturing facilities, and production difficulties in the initial phases of start-up manufacturing and in scaling production to commercial quantities. Management does not foresee any such delays or difficulties being material, but there is no assurance that such issues will not arise.

Material shortages

Axios uses a commercial soy resin, natural structural based materials, and calcium carbonate filler. Commodity shortages (weather, shipping delays, labour disruptions, competition for supplies) could affect Axios' ability to scale production or to produce product on a timely basis.

Commodity Price Fluctuations
Our production costs are subject to fluctuations in prices of the natural commodities used in production of pallets.

Patents
Axios has secured a design patent for the design of the initial pallet. We have another design patent pending along with a utility patent pending.

Technology Rollout
Axios' tracking technology has been tested on a small scale. Further refinements will be ongoing. There are no assurances that the tracking technology will be accepted in the marketplace or that it will achieve the intended results in all physical conditions and uses. Some limitations on the effectiveness of our technology will not be known before we have had significant use of our products in the field.

***Forward Looking Statements***

This document may contain "forward-looking statements" within the meaning of Canadian securities legislation and the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements are made as of the date of this document and the Corporation does not intend, and does not assume any obligation, to update these forward-looking statements. All statements, other than statements of historical facts, included in this MD&A that address activities, events or developments that the Corporation expects or anticipates will or may occur in the future, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Corporation's businesses, operations, plans and other such matters are forward- looking statements. When used in this MD&A, the words "estimate", "plan", "anticipate", "expect", "intend", "believe" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, risks related to potential joint venture operations, actual results of current activities, unavailability of financing, and other factors. Although the Corporation has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be anticipated, estimated or intended. There can be no assurance that such 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.

***Additional Information***

Additional regulatory filings for the Company can be found on the SEDAR website at www.sedar.com and the Company's website can be found at www.axiosma.com

["signed"]

Richard MacDonald, President, CEO, and Director
November 29, 2013