

MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL POSITION

For the Nine-Month Periods Ended September 30, 2015 and 2014

This Management Discussion and Analysis (“MD&A”) is for the three and nine-month periods ended September 30, 2015 and 2014 and should be read in conjunction with Automodular Corporation’s 2014 annual report and audited consolidated financial statements, prepared in accordance with International Financial Reporting Standards (“IFRS”). All dollar amounts in the interim consolidated financial statements and MD&A are shown in Canadian dollars unless otherwise indicated. References to “Automodular” or to “the Company” refer to Automodular Corporation and its direct and indirect subsidiaries unless the content indicates otherwise.

Following the expiry of the Company’s commercial agreement with Ford on December 23, 2014, Automodular ceased operations at its two facilities in Oakville, Ontario. During the first quarter of 2015 both facilities were returned to the respective landlords. As of the date of this MD&A, Automodular has no active operations. The Company has retained two salaried employees and two consultants.

THIRD QUARTER OVERVIEW

Automodular reports a net loss of \$(0.3) million or \$(0.02) per share in the third quarter of 2015 compared to net earnings of \$3.7 million or \$0.19 per share in the same quarter of 2014. As noted above, Automodular’s operations ceased production in December 2014; accordingly, any comparisons of results between the current quarter and the third quarter of 2014 would not be meaningful. Results for the first three quarters of 2015 reflected ongoing administrative costs, costs with respect to the legal claim against General Motors Company and General Motors of Canada Ltd. (“GM litigation”) and exit costs relating to the closure of the Company’s Oakville facilities.

On August 14, 2015, Automodular Corporation’s common shares were de-listed from the Toronto Stock Exchange (“TSX”). Effective August 17, 2015 the shares commenced trading on NEX, a separate board of the TSX Venture Exchange. The shares are trading under the symbol “AM.H”.

On August 6, 2015, Automodular announced its intention to enter into a substantial issuer bid (“SIB”) pursuant to which the Company would offer to repurchase for cancellation up to \$15 million in value of its outstanding common shares from shareholders. The SIB proceeded by way of a modified “Dutch auction”, which expired on September 17, 2015. A total of 5,660,377 shares were repurchased at \$2.65 per share for a total cost of \$15,153, inclusive of \$153 in net fees, after taxes. Prior to the repurchase, these shares had a carrying value of \$12,369.

In conjunction with the substantial issuer bid, the Board of Directors announced the reversal of the remaining 2014 stated capital reduction balance; thereby increasing the stated capital account by \$19,268.

RESULTS OF OPERATIONS

Automodular's comparative interim consolidated results for the three and nine-month periods ended September 30, 2015 and 2014 are as follows:

<i>(thousands of Canadian dollars)</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Sales	-	21,294	-	59,615
Cost of sales	(268)	13,997	(1,019)	42,053
Exit costs	-	1,139	1,081	2,418
Gross margin	268	6,158	(62)	15,144
General and administrative expense	822	1,231	3,073	3,987
Interest (income)	(108)	(106)	(313)	(285)
Other expense (income)	-	(6)	(52)	14
Earnings (loss) before income taxes:	(446)	5,039	(2,770)	11,428
Current income taxes	(227)	1,899	(1,077)	4,052
Deferred income taxes	112	(586)	357	(1,081)
Net earnings (loss) attributable to the shareholders	(331)	3,726	(2,050)	8,457

Sales and cost of sales

As previously noted, Automodular's operations ceased production in December 2014, therefore there were no sales in 2015. Cost of sales for the current and year-to-date periods reflect recoveries relating to the successful mitigation of previously recognized obligations related to the Oakville operations.

Exit costs

During the three and nine-months periods ended September 30, 2015, net exit costs of \$nil and \$1,081, respectively, were recognized (2014: \$1,139 and \$2,418, respectively).

Current year-to-date costs related to severance for three members of the executive management team as well as facility-related amounts including rent and occupancy expenses and costs incurred to restore the facilities as required under the respective leases.

Net exit costs recorded in the first three quarters of 2014 predominately related to additional severance costs related to salaried employees and lease termination payments made to the Company's Oakville landlords. Also included were additional facility and other employee-related costs.

Exit costs in the current and prior periods have been included in the interim consolidated statement of operations net of reimbursements from Ford.

General and administrative expense

Quarterly and year-to-date general and administrative expenses were lower than in the same period in 2014 due to the rationalization of our cost structure as discussed in the filings for the first and second quarters of 2015 and in the 'Third Quarter 2015 Recap and Outlook' section of this MD&A.

Interest (income)

Interest (income) was nominally higher than the same periods in 2014 due to increased interest income generated on higher cash balances and diversification of the cash management portfolio to secure increased yields.

Other expense (income)

Amounts were nominal for the third quarters of 2015 and 2014. The current year-to-date period included gains with respect to the sale of certain fixed assets. The year-to-date period in 2014 included a loss with respect to recycling other comprehensive losses to net earnings.

Earnings (loss) before income taxes

As discussed previously, Automodular generated a loss in the first three quarters of 2015 due to the closure of its Oakville operations.

HISTORICAL QUARTERLY DATA - ROLLING EIGHT QUARTERS

(thousands of Canadian dollars except per share amounts)

	2015				2014				2013	
	Q1	Q2	Q3		Q1	Q2	Q3	Q4		Q4
	\$	\$	\$		\$	\$	\$	\$		\$
Sales	-	-	-	19,549	18,772	21,294	26,146	20,653		
Net earnings (loss)	(1,643)	(76)	(331)	3,160	1,571	3,726	6,306	3,483		
Per share basic and diluted	(0.09)	(0.00)	(0.02)	0.16	0.09	0.19	0.32	0.18		

A comparison of the current quarter's results with previous quarters is not meaningful as Automodular no longer has active operations.

The following discussion is provided to give context to the results of previous quarters. In the automotive industry, the first and second quarters of the year typically generate higher earnings than the third and fourth quarters because there are a greater number of non-production days (statutory holidays throughout and the third quarter generally has a two-week closure for summer shutdown) in the latter half of the year. However, our results over the last couple of years have not necessarily reflected this trend.

The results in the last three quarters of 2014 were significantly impacted by the recognition of exit costs related to Ford's announcement to Automodular of its decision to insource the work performed by Automodular at the end of 2014. The 2014 results, particularly those in the first and second quarters, were also negatively impacted by the combination of production downtime and lower daily volumes as previously noted. Q4 2014 benefitted from higher production volumes year over year and improved efficiencies obtained through the Ford contract wind down.

Results for first three quarters of 2015 reflected ongoing administrative costs, costs with respect to the GM litigation and exit costs relating to the closure of the Company's Oakville facilities.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Operating activities

Net cash of \$3.7 million was used by operating activities in the current year-to-date period. In the same period in 2014 \$11.1 million in net cash was generated by operating activities. As previously noted, Automodular's operations ceased in December 2014. The current period amounts reflect the closure of the Company's Oakville operations and the realization of working capital amounts and payments of exit costs in the course of winding down those operations.

Investing activities

Cash provided by investing activities was marginally higher in the three and nine-month periods ended September 30, 2015 than in the same period of 2014.

Financing activities

During the third quarter of 2015, Automodular repurchased 5,660,377 shares under the SIB, as discussed in the "Third Quarter Overview" above, for total consideration of \$15,207, inclusive of fees and before taxes. For the three and nine month periods ended September 30, 2014, Automodular paid dividends of \$0.06 and \$0.18 per common share, respectively. Automodular did not pay dividends in the first three quarters of 2015 in order to preserve capital and provide enhanced flexibility with respect to the Company's ongoing diversification initiatives.

Financing resources

Automodular's cash on hand at quarter-end totaled \$35.7 million compared to \$54.5 million at the end of 2014. Automodular's cash on hand will allow it to address its ongoing needs, cover costs with respect to the GM litigation, and at the same time, still provide flexibility to fund potential new diversification initiatives.

Shareholders' equity

Shareholders' equity decreased from \$54.3 million at December 31, 2014 to \$36.8 million at September 30, 2015 due to substantial issuer bid and the losses generated in 2015.

OUTSTANDING SHARE DATA

(thousands of Canadian dollars except share amounts)

	Outstanding #	Amount \$
Common shares as at September 30, 2015	13,607,927	29,737

From September 30, 2015 to the date of this filing there has been no change in the number of shares issued and outstanding.

THIRD QUARTER 2015 RECAP AND OUTLOOK

The forward-looking statements below are not historical facts but reflect the Company's current expectations regarding future results or events and are based on information currently available to management. Certain material factors and assumptions were applied in providing these forward-looking statements. Please review our forward-looking statement disclaimer at the end of this MD&A which includes a list of material factors and assumptions applied in providing these forward-looking statements.

We completed the rationalization of our cost structure at the end of the second quarter. As of the date of this report we have two employees and two consultants on hand. While our footprint is reduced, we have ensured that we have sufficient resources on hand to properly address the GM litigation, review diversification initiatives as they arise and fulfill all public company reporting obligations.

With respect to the GM litigation, Automodular having obtained evidence from Inteva by way of the discovery process, on August 5, 2015 agreed to a dismissal of its claim against Inteva. During the third quarter, Automodular conducted a further examination for discovery of GM. GM refused to answer a number of questions asked on that further examination and has not yet delivered responses to the undertakings that it gave on that further examination. As a result, Automodular has scheduled a motion returnable December 15, 2015 to address the outstanding discovery issues. This has required the parties to agree to an extension of the previous court-ordered timetable. The revised timetable called for mediation to be held on November 4, 2015, Automodular's motion to be heard, and any further examinations to be completed and the matter to be set down for trial no later

than April 29, 2016, at which point the Court will schedule a trial date. The mediation called for in the timetable has occurred. No resolution was reached.

During the first half of 2015, Automodular initiated a normal course issuer bid ("NCIB") as the Company believed that its shares had been trading in a price range that did not reflect the underlying value of the Company. During the second quarter of 2015, the Company repurchased for cancellation 110,600 shares for a total cost of \$0.3 million. The NCIB was put on hold while the substantial issuer bid was in place. During the fourth quarter, the Company expects to file the required documentation with the TSX Venture Exchange (the "TSXV") in order to resume purchasing shares under the NCIB.

As detailed in the "Third Quarter Overview" of this MD&A, the substantial issuer bid was announced and successfully closed within the third quarter. The SIB was nominally oversubscribed and enabled those shareholders who did not wish to retain their shares through the GM litigation process or participate in any future diversification initiatives the opportunity to liquidate their holdings. In conjunction with the substantial issuer bid, the Board of Directors announced the reversal of the remaining 2014 stated capital reduction balance; thereby increasing the stated capital account by \$19,268.

Automodular's Q3 2015 results were in line with the general guidance previously provided. Additional legal costs on the GM litigation due to extended discoveries were offset by the successful mitigation of certain previously recognized obligations related to its Oakville operations. We continue to expect our Q4 2015 cash burn to be in the \$0.3 - \$0.4 million range on an after-tax basis. As previously noted, cash expenditures will fluctuate depending on the status of the GM litigation.

In light of ongoing diversification efforts, the Board of Directors has elected to not declare a dividend in this quarter. The Company will continue to revisit its dividend policy in conjunction with its go forward plans on a quarterly basis and will update its shareholders accordingly.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

There are no estimates or judgments applied by management that are uncertain and/or material enough to have a significant effect on the results of operations and the carrying values of assets and liabilities recognized and disclosures made in the interim consolidated financial statements.

Areas which previously involved a higher degree of judgment or complexity, or areas where assumptions and estimates were significant to the financial statements, were set out in Note 3 of the Company's consolidated financial statements for the year ended December 31, 2014.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures within the Company have been designed to provide reasonable assurance that all relevant information is identified to its President and Chief Executive Officer ("CEO"), its Vice President, Finance and Chief Financial Officer ("CFO") and its Audit Committee to ensure appropriate and timely decisions are made regarding public disclosure.

Internal controls over financial reporting have been designed by management, under the supervision of, and with the participation of the Company's CEO and CFO, to provide reasonable assurance regarding the reliability of the Company's financial reporting and its preparation of financial statements for external purposes in accordance with GAAP.

The Company has filed certifications, signed by the Company's CEO and CFO, with the Canadian Securities Administrators ("CSA") in conjunction with the filing of its Annual Information Form. In those filings, the Company's CEO and CFO certified, as required by National Instrument 52-109, the appropriateness of the financial disclosure, the design and effectiveness of the Company's disclosure controls and procedures and the design and operating effectiveness of internal controls over financial reporting. The Company's CEO and CFO will also certify the appropriateness of the financial disclosures in the Company's interim filings with

securities regulators. In those interim filings, the Company's CEO and CFO will also certify the design of the Company's disclosure controls and procedures and the design of internal controls over financial reporting.

The Company's Audit Committee reviewed this MD&A and the interim consolidated financial statements, and the Company's Board of Directors approved these documents prior to their release.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

As a result of the completion of the Ford contract, the closure of the Oakville facilities, the reduction in volume and changes in the nature of transactions, the Company has reduced its workforce, including the finance function. This has resulted in the Company modifying certain internal controls and introducing compensating controls to mitigate the impact of the reduced finance function. Accordingly, during the three and nine-month periods ended September 30, 2015, while there have been changes to internal controls, we do not believe that the changes materially affect, nor are they reasonably likely to materially affect, the Company's ability to fulfill its financial reporting obligations.

MANAGEMENT'S REPORT ON DISCLOSURE CONTROLS AND PROCEDURES

In the Company's 2014 filings, the Company's CEO and CFO certified, as required by National Instrument 52-109, the appropriateness of the financial disclosure, the design and operating effectiveness of the Company's disclosure controls and procedures and the design and operating effectiveness of internal controls over financial reporting.

In the Company's third quarter 2015 filings, the Company's CEO and CFO certified, as required by National Instrument 52-109, the appropriateness of the financial disclosure, the design of the Company's disclosure controls and procedures and the design of internal controls over financial reporting.

FORWARD-LOOKING STATEMENTS

This MD&A contains statements which, to the extent that they are not recitations of historical fact, may constitute "forward-looking statements" within the meaning of applicable securities legislation. Forward-looking statements may include, but are not limited to, financial and other projections, as well as statements regarding our future plans, objectives or performance, anticipated business development or our underlying assumptions. Words such as "may", "would", "could", "will", "likely", "estimate", "anticipate", "believe", "expect", "intend" or other similar expressions are intended to identify forward-looking statements. Such forward-looking statements, or forward-looking information, reflect management's beliefs, estimates and opinions regarding Automodular's future growth, results of operations, performance and business prospects and opportunities and are not guarantees of future results.

Specific forward-looking information in this document includes:

- that Automodular's cash on hand will allow it to address its ongoing needs, cover costs with respect to the GM litigation, and at the same time, still provide flexibility to fund potential new diversification initiatives;
- that we have sufficient resources on hand to properly address the GM litigation, review diversification initiatives as they arise and fulfill all public company reporting obligations;
- that we continue to expect our Q4 2015 cash burn to be in the \$0.3 - \$0.4 million range on an after-tax basis. As previously noted, cash expenditures will fluctuate depending on the status of the GM litigation;
- that the Company anticipates the GM litigation matter to be set down for trial no later than April 29, 2016, at which point the Court will schedule a trial date;
- that the Company expects to file the required documentation with the TSXV in order to resume purchasing shares under the NCIB; and

- that the Company will continue to revisit its dividend policy in conjunction with its go forward plans on a quarterly basis and will update its shareholders accordingly.

By its nature, forward-looking information involves certain risks, uncertainties and other factors which may cause actual future results to differ materially from those expressed or implied in any forward-looking statements and include but are not limited to the following:

- our ability to secure ongoing operations through diversification, either organically or through acquisition;
- our ability to identify, close and integrate acquisitions;
- our ability to finance new business requirements; and,
- our dependence on key personnel.

Persons reading this MD&A should not place undue reliance on forward-looking statements and are cautioned that forward-looking statements are only estimates and that our actual future results or performance may be materially different due to inherent risks and uncertainties surrounding future expectations, assumptions not being realized, changes in facts or other unforeseen circumstances. Except as required by continuous disclosure obligations, we do not intend, nor do we undertake any obligation, to update or revise any forward-looking statements to reflect subsequent information, events, results, circumstances or otherwise.

ADDITIONAL INFORMATION

Additional information regarding the Company, including the Annual Information Form for the year ended December 31, 2014, can be found on the SEDAR website at www.sedar.com.

November 4, 2015